NUMBER 2 · MARCH 1959

NATIONAL INSTITUTE ECONOMIC REVIEW

This is a two-monthly review.
The first issue, published in January 1959, presented a full-length survey of the economic situation, which will be repeated annually. This and other numbers contain a shorter general survey, followed by special articles on topical economic problems and studies of underlying economic trends.

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SUMMARY

The economic situation

Since the autumn, output has risen fractionally ; unemployment, seasonally adjusted, rose in January and February, but in March fell back to the fourth quarter rate. In the last year, only about half of those who left the labour force have registered as unemployed ; of the remainder, it appears that about one-third chose to retire earlier than they otherwise would have done. There are now some 100 thousand persons who have been unemployed for more than six months.

Output has risen mainly because *consumers' spending* has risen. This was principally due to higher consumer borrowing ; unless consumer debt continues to rise as fast as in the fourth quarter (which is unlikely), or unless disposable incomes are raised, consumer spending is likely to drop back.

Apart from consumer spending, demand has remained static. The prospect for *investment* is slightly more encouraging than in January. With the promised rise in public investment, total fixed investment should be somewhat higher in 1959 than in 1958 ; but investment in manufacturing industry, in spite of some revision of businessmen's forecasts, is still expected to fall. Investment in *stocks*, which ceased in the first half of last year, may rise, but probably not greatly, since there was no general depletion of stocks.

The outlook for *exports* is for little change. The recovery in the United States is slowing down, and there is no sign of any upward move in Europe ; so earnings of primary producing countries are unlikely to rise much.

In sum, there are still no signs of a substantial expansion, and Budget concessions of the order of £200 million would, in the Institute's view, be inadequate to bring this about. The main risk of a stronger expansion is to the balance of payments.

The dollar

In 1958, the flow of gold from the United States was bigger than in any other post-war year. Compared with 1957 (which was disturbed by the Suez crisis) United States imports were stable ; the outflow of capital continued at a high level ; but exports fell.

Five basic commodities—none of them finished manufactures—account for most of this fall ; the United States is a marginal supplier of coal and steel, for example, and in a world recession her exports suffer. Further, the area pattern of world trade—in particular the recession in Canada—changed to the disadvantage of the United States. Apart from these special factors, the United States did lose some trade in manufactures to competing exporters—but so also did Britain ; both British and United States export prices have risen faster than German, Japanese and French prices.

A recovery in world trade would help United States exports. Otherwise, the prospect for her balance of payments is for little change. There is little reason to regard the dollar as weak compared with sterling.

Imports and expansion

Until about four years ago, the volume of imports in Britain was moving approximately in proportion to national output ; since 1954 the increase has been more than proportionate. This disproportionate increase—except for emergency coal and steel imports—has not in fact been at all closely linked to economic expansion ; it resulted from a substitution of imports for home-produced goods, at the rate of some £40-£50 million a year from 1954 to 1958, which appears to have continued more or less independently of output changes ; it is therefore not likely to be reduced by measures which check the rise in output.

18 *March*, 1959

THE ECONOMIC SITUATION

This article first examines the trends and prospects in the various elements of home demand and the prospects for exports in the light of world developments. It then looks at the effects on production and imports, and reviews the changes in costs and prices. After discussing the general outlook and the Budget, it analyzes the employment position in some detail.

The trend of demand

The main force raising demand in recent months has been the rise in consumers' expenditure. Apart from this, the available evidence—still incomplete for the fourth quarter of 1958—suggests that the volume of demand stayed about the same. Exports, which were falling until the autumn, have recovered fractionally ; investment in stocks, which fell almost to zero in the first half of last year, shows faint signs of recovery ; government expenditure and fixed investment have remained fairly stable. For these reasons, output has sustained its slight recovery.

Rise in consumers' expenditure

Consumers' expenditure, on our provisional estimates, rose sharply in the fourth quarter—by 3 per cent in real terms, after seasonal adjustment. That is the largest increase in one quarter since the spring of 1954. In early 1959, judging from retail sales figures and other evidence, the new high level was maintained in January but fell away in February.

The increase in spending was largely financed by increased borrowing, following the relaxation of restrictions on hire purchase and bank lending. Consumers' real incomes, seasonally corrected, recovered in the third quarter, but there was little change in spending. In the fourth quarter, real incomes remained about constant ; an increase in wage rates was roughly counterbalanced by a rise in consumer prices and to a lesser extent by a further decline in employment. But in the fourth quarter borrowing on hire purchase rose by £89 million, and ' personal and professional ' bank advances by nearly £50 million. Part of this rise in borrowing may have been seasonal, and a small part may have gone to finance business investment ; even so, it must have been the main explanation of the rise in consumers' expenditure—although the delayed impact of the rise in real incomes in the third quarter may also have had some effect.

The net increase in hire purchase borrowing, even allowing for seasonal variations, was substantially greater than the increase in purchases of durable goods, partly because the reduction in hire purchase deposits increased the amount of credit against each item bought. Consumers who would have bought on hire purchase anyway in effect saved cash which became available for other goods. This stimulating effect on cash sales was reinforced by the additional injection of bank credit. Hence there was a substantial increase in sales of durable goods for cash and in sales of many classes of non-durable goods as well.

Out of a total increase in consumers' expenditure of £100 million at 1954 prices in the fourth quarter, on

Table 1. Consumers' incomes, borrowing and expenditure

Change over previous quarter, in £ million at 1954 prices

	1958			
	I	II	III	IV
Disposable real income, seasonally adjusted[a] ..	+10	−35	+46	− 3[p]
Borrowing[b]	+ 4	+19	+21	+119
Total	+14	−16	+67	+116
Consumers' expenditure, seasonally adjusted	+36	− 7	−14	+100[p]
of which, durable goods ..	+26	+11	− 6	+ 33[p]

Sources : *Appendix tables* 6 *and* 10, *Monthly Digest of Statistics.*

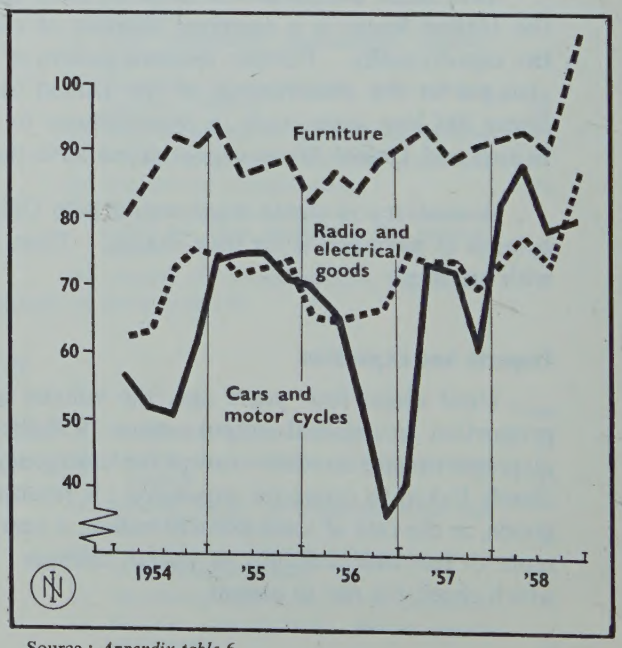
(a) The seasonal adjustment used does not remove the effect of the timing of wage awards.

(b) Sum of change in total hire purchase debt outstanding and in ' personal and professional ' bank advances, deflated by consumer prices index. The data on bank advances refer to quarters ending at the end of February, May, August and November. The figures for borrowing are not seasonally adjusted.

(p) Provisional.

Chart 1. Spending on durables

£mn, 1954 prices, seasonally adjusted



Source : *Appendix table* 6.

seasonally adjusted figures, £30 million was spent on durables and £70 million on other goods and services. Expenditure on drink, which was unusually low during the bad summer, on fuel, clothing, ' other goods ', and on services all rose significantly. The most notable increase was in expenditure on clothing, which had been depressed earlier in the year ; it rose sharply to the highest quarterly figure recorded in the past three years. In January, sales of non-durable goods continued to be higher than a year earlier.

Among durables, as chart 1 shows, spending on furniture in the fourth quarter rose 21 per cent (compared with the third quarter) and spending on radio, television and electrical goods rose 18 per cent ; in January, retail sales of durable goods were still about 16 per cent above a year earlier (in volume) but the February rise was smaller.

The seasonal variation in the demand for cars is hard to measure (largely because of past changes in purchase tax, hire purchase terms and petrol rationing), but spending in the fourth quarter, seasonally adjusted, appears to have risen comparatively little. New registrations, although higher than a year earlier, have not risen as much as hire purchase contracts : the proportion of new cars bought on credit has gone up. The removal of hire purchase restrictions in the autumn appears to have had less effect on demand for cars, which had already risen sharply earlier in 1958, than it had on demand for other durables which previously had been almost static.

Table 2. Car sales and H.P. contracts

Per cent change on a year earlier

	H.P. contracts, new cars	New registrations	*H.P. contracts as per cent of new registrations*
1958 I	+73	+74	*20*
II	+23	+25	*22*
III	+ 3	+12	*20*
October	− 7	+15	*16*
November	+58	+26	*28*
December	+89	+32	*28*
1959			
January	+42	+11	*26*
February	+16		

The increase in consumer spending is likely to slow down or be reversed if no new expansionary measures are introduced. The effect of easier terms of hire purchase and easier access to bank credit is in its nature temporary. To raise consumers' spending further, consumers' net borrowing in the first quarter would have to be larger than in the fourth quarter of last year. If net borrowing is the same, the supplement to consumers' incomes will be the same : to put it another way, if sales are to be maintained, the total of consumer debt outstanding must continue to rise as fast as it did in the fourth quarter. In practice, as repayment obligations rise, the increase in consumers' indebtedness is likely to slow down ; the £19 million increase in hire purchase debt in January suggests that the slowing down may already have begun. On the other hand personal and professional bank advances rose by a further £50 million in the quarter ending mid-February

Fixed investment

There is now some chance that the volume of fixed investment, in total, may rise slightly in 1959, private investment remaining fairly stable and public investment increasing.[1] There is, however, no evidence that any increase has yet begun.

The latest official estimates, for the third quarter of 1958, confirm that the volume of fixed investment, after seasonal adjustment, had then been almost stable for over a year. While public investment in housing was still falling in the third quarter, and other public investment remained stable, investment in private industry and in private house building were both rising slowly. In most manufacturing industries except iron and steel there were indeed signs of decline by the third quarter. But in shipping and other private industries outside manufacturing, marked increases in investment continued.

In the fourth quarter of 1958, total fixed investment (seasonally adjusted) probably fell. Housing expenditure fell a little further, and other building work done for both public and private owners remained unchanged. Manufacturing investment, however, was considerably reduced, especially in plant and machinery, which helps to explain the fall in engineering output. Investment in other private industry remained fairly stable.

The forecasts for 1959 made by private industry at the end of 1958 show a rather less pessimistic outlook than those made at mid-year. Manufacturing industry's forecasts, when compared with forecasts for 1958 made a year before, are believed by the Board of Trade to indicate a fall in investment between 1958 and 1959 of something over 10 per cent, about one-tenth in equipment and vehicles and one-sixth in building work. The earlier forecasts indicated a total fall of one-sixth. Companies in distribution and services expect a rise of one-twelfth, and shipping companies also expect an increase. These increases will go most of the way to offset the expected fall in manufacturing investment.

[1] The expectation of a slight fall in total investment expressed in our first number has been revised in the light of the new forecasts by private industry now available, and of new figures for local authority housing.

No evidence can yet be found in the published figures of the expected expansion of public investment in coal, electricity and the railways. Figures of capital expenditure by the public sector are not yet available beyond the third quarter of 1958 ; but the volume of new building work done for public bodies showed no increase up to the end of the year, although it presumably includes some continuing expansion in road expenditure. The Chancellor announced in February that work is going ahead at the full rate which he expected. If that is so, a considerable flow of additional orders should by now be coming forward, of which there were some indications in the increased flow of new building orders for public bodies in the last quarter.

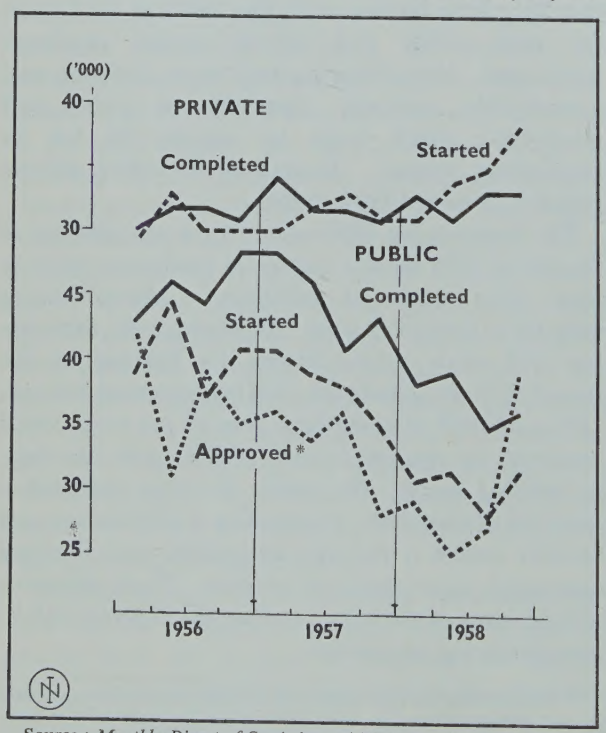
Expenditure on private house building continued to increase up to the end of 1958 and the continuing increase in starts indicates a further rise in expenditure in 1959. This may be helped by the greatly improved financial position of the building societies ; the net inflow of loanable funds rose substantially in the fourth quarter of 1958 while new advances increased moderately and loan charges began to fall. It may also be helped towards the end of 1959 by Treasury loans to building societies.

The fall in public authorities' expenditure on house building in Great Britain (see chart 2) may have been checked at the end of 1958 when the number of starts increased and the volume of approvals, which normally precede new starts by three to six months, rose sharply. The volume of approvals, however, had previously been much below the volume of work done ; it will have to be maintained at recent levels if the rate of expenditure is to increase.

In sum, the probable increases and declines in the different forms of investment appear nearly in balance. If the promised expansion of public investment is realized there should be an increase in total investment.

Chart 2. Housing

Seasonally adjusted



Source : *Monthly Digest of Statistics* and NIESR estimates.
*Great Britain : local authorities only.

Exports and the international scene

The recent performance of exports is only moderately encouraging. Having fallen earlier last year as a result of the recession abroad, the volume of exports after seasonal correction remained stable in the fourth quarter and in January, but fell a little in February. In table 3 and chart 3, figures by areas for the fourth quarter are compared with those for the second and third quarters (taken together because of the dock strike in June) ; there was a rise in exports to North America, a small fall in exports to the overseas sterling area, and a sharper fall in exports to other primary producing countries ; exports to Europe stayed about the same.

Table 3. Volume of U.K. exports by area

Seasonally adjusted, 1954 = 100

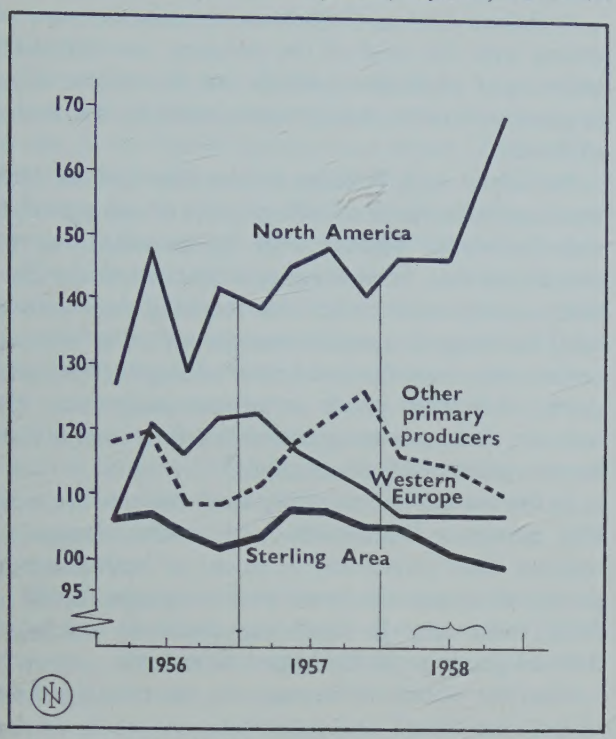
	1957	1958				1959	
		I	II	III	IV	Jan.	Feb.
Western Europe	116	107	107		107		
North America ..	143	147	147		168		
Sterling area ..	105	105	101		99		
Other primary producers ..	120	116	115		110		
Total all areas[a]	113	110	110	108	111	110	107

Source : *Appendix tables* 11 *and* 13.
(a) Including areas not separately shown. Adjusted for the effect of dock strikes ; the adjustments have not been made for the individual areas.

The big rise in exports to North America was mainly due to higher sales to the U.S.A., not only of cars but of a wide range of commodities, notably iron and steel, copper, and machinery. Exports to Canada rose slightly. The fall in exports to other non-sterling areas was the result of a fall in the trend of exports to Latin America, where the recession has been severe, together with smaller falls to Iran and Sudan. Higher deliveries of ships and aircraft helped to slow the fall in exports to the sterling area ; apart from these, exports were down to South Africa, Malaya, Iraq and to Australia, although total Australian imports were maintained.

Chart 3. Volume of U.K. exports, by area

Seasonally adjusted, 1954 = 100



Source : *Appendix table* 13.

Partial evidence suggests that the contraction of world trade in manufactures may have stopped in the fourth quarter of 1958. However there is so far little sign of any strong expansion. The primary producing countries should not need to reduce their purchases much further, but there has as yet been no significant rise in world demand for primary products to raise their incomes again. Primary prices have remained roughly stable since the autumn. The flow of capital and aid appears to have been maintained but it has not increased. The sterling balances held by overseas sterling countries rose in the fourth quarter—the first increase since the second quarter of 1957.

The United States

In the past twelve months, the recovery in the United States has been the only major expansionary force in the non-Communist world. By the fourth quarter of 1958, the United States gross national product, at constant prices, had made good almost the whole of its 6 per cent fall.

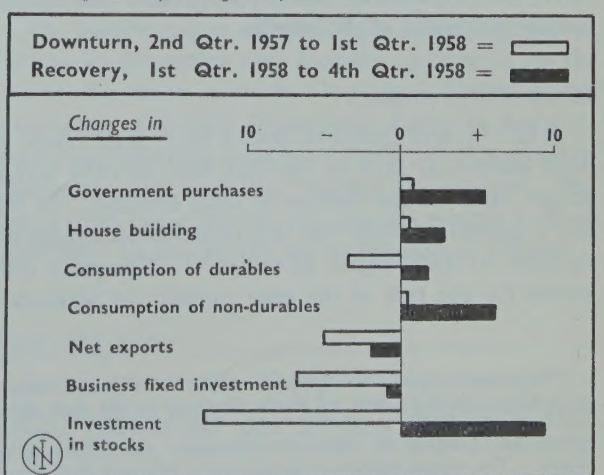
There are signs now that the pace of recovery in output may slow down, although there is no reason to expect it to stop altogether. The substantial stimulus given to recovery by rising government expenditure and a rising budgetary deficit will almost certainly lose much of its force even if the President's proposals for a balanced budget in 1959/60 are not fully realized. The expansion of house building, also an important factor in the recovery, may not continue at the recent rate ; applications for new mortgages seem to be easing off. There is some doubt whether car sales will continue to rise, and surveys of consumers' intentions to buy durable goods suggest some caution, although personal incomes and retail sales were still rising strongly in early 1959. Business forecasts of investment, together with the low rate at which capacity is being used, indicate no significant increase in capital expenditure, although corporate profits and business liquidity have been increasing. The foreign balance is likely to remain more or less stable. The continuation of even a moderate rate of growth in consumption and perhaps in housing and government expenditure should, however, be reinforced again by higher investment in stocks.

An increase in output at a rate much lower than in the past nine months is not likely to make much impression on unemployment. From November to January, unemployment, seasonally adjusted, has remained very close to 6 per cent of the civilian labour force. Total non-agricultural employment, which fell in all some 4½ per cent (seasonally adjusted) from the mid-1957 peak, has increased by only about 1 per cent during the recovery—less than the normal increase in the working population. While manufacturing production had, by January 1959, nearly recovered to its previous highest point, factory employment was still 7 per cent below it ; the recovery in output has been largely absorbed by rising productivity.

A more hesitant rate of recovery in demand and output is likely to be accompanied by a somewhat hesitant economic policy, based on a compromise between the desire for expansion and reduced unemployment on the one hand, and on the other the Administration's present objectives of a balanced budget and stable prices.

Chart 4. Forces in the U.S. downturn and recovery

$ billion, 1958 prices, annual rates, seasonally adjusted



Sources : *Economic Report to the President*, January 1959, and *Survey of Current Business*.

Western Europe

In continental western Europe the forces of expansion are at present weak. In France, the rapid expansion of demand and output came to an end early in 1958 ; the present deflationary policies seem to be succeeding in keeping domestic demand down at a rather lower level than that of a year ago. In Western Germany, on new O.E.E.C. seasonally corrected figures, industrial output appears to have fallen since the autumn ; consumption and exports were rising slightly but fixed investment has ceased to expand. The increase in German foreign exchange reserves continues at an undiminished rate. In Italy the rise in output continued to the end of 1958. Other western European countries are heavily dependent on developments in the rest of the world. Hence, unless government policies, especially in Germany, are more strongly directed towards expansion that at present seems likely, the outlook for continental western Europe as a whole indicates a stable, or at best a very slowly rising, level of economic activity.

The outlook for British exports

Thus the general prospect for British exports remains much the same. The expansionary forces in the world economy are too weak to bring about any marked rise in demand for manufactured goods in the primary producing countries. Continued recovery in the United States is hardly likely to cause any great rise in demand for primary products, simply because imports were so little reduced during the depression ; however British exports of manufactures to the United States, and to Canada, may continue to rise. The outlook in western Europe suggests a fairly stable level of trade, with the possibility of some slight expansion ; but the operation of preferential arrangements within the European Economic Community, of which the main features are still extremely uncertain, diminishes our opportunities for maintaining our share of the market.

Investment in stocks

A fall in investment in stocks from high levels in 1957 almost to zero in the first half of 1958 was a major cause of the decline in total demand. In the third quarter of 1958, the rate of stock accumulation appears to have begun to revive.[1] Complete estimates for the rest of the year cannot yet be made ; but continuing investment in stocks is suggested by such evidence as is available.

A clearer picture of stock movements can now be drawn with the help of the welcome new quarterly statistics of wholesalers' stocks and the revised series of retailers' stocks recently introduced by the Board of Trade.

Declining stock-building in the first half of 1958 was largely the result of falling stocks of raw materials and foodstuffs, whether held by merchants or by manufacturers. It now appears that wholesale merchants and retailers were also reducing their rate of stock-building of manufactured goods ; this helps to explain why manufacturers were adding to their own stocks of finished goods at an increasing rate. On balance, there was an appreciable fall in total investment in stocks of finished goods.

In the second half of 1958, these movements went into reverse. Wholesalers and retailers began to increase their investment in stocks of manufactured goods, while manufacturers were no longer forced to build them up. In total, movement in stocks of finished goods probably helped to stabilize output.

After the middle of the year, too, the running down of both merchants' and manufacturers' stocks of raw materials and foodstuffs seems, except for steel, to have come to an end. This is also shown by our estimates of stocks of mainly imported commodities, which stopped falling at mid-year and were still rising moderately up to the end of 1958.

Thus the slight recovery in final demand and output was accompanied by a reversal of the very moderate stock cycle well before it developed into a general reduction in stocks. For some commodities, of course, the swings in stocks—and therefore in output—have been much more violent and prolonged ; this particularly applies to steel, where stock reduction will probably go further before output rises.

Recovery in final demand and output, if it continues, should bring with it a further increase in investment in stocks both of primary commodities and of manufactured goods, and in the volume of work in progress. But since there now appears to have been little depletion of stocks, the rate of replenishment is also likely to be only moderate.

Industrial production

The seasonally corrected index of industrial production recovered in November and December from the 2 per cent fall earlier in the year. In January 1959, it is provisionally estimated to have remained steady at a level still scarcely higher than in 1955.

Detailed figures, which are generally not available beyond November, indicate that increases in manufacturing output were in the main confined to industries producing consumer goods : vehicles, textiles,

[1] Figures are given in Appendix table 9. Revised official estimates and new data of stock changes in the first three quarters of 1958, appearing since our previous number, somewhat modify the account of stock movements given there. The rough estimates then used suggested that stock-building was still falling in the third quarter of 1958, which does not now appear to have been the case.

leather and fur goods, clothing, furniture and durable goods. In addition, both the chemicals and building materials trades increased their output in October/November.

The output of the clothing industries had turned upwards in the third quarter, and probably continued to rise in the fourth quarter as a result of the sharp rise in consumer spending on clothing. In the textile industry, the recovery in the fourth quarter was most marked in the output of man-made fibres and wool.

The index for vehicles in October and November, seasonally adjusted, was higher than in the third quarter but still well below the second quarter of 1958. Despite the higher sales of cars on the home market, car production, compared with a year earlier, was slightly down in the fourth quarter and 11 per cent down in January 1959. Strikes in the industry, as well as lower exports, help to explain this. Production of commercial vehicles also fell further compared with a year earlier.

Manufacturers' deliveries to the home market of radio and electrical goods rose sharply in the fourth quarter. Production appears to have risen less, probably because of changes in exports and stocks.

Table 4. Consumer durables : deliveries to the home market

Percentage change compared with corresponding period of 1957

	Jan.-Sept. 1958	Oct.-Dec. 1958
Gas cookers[a]	+ 4	+50
Electric cookers[a]	− 5	+22
Electric washing machines ..	+23	+83[b]
Domestic refrigerators ..	+77	+127
Radio sets	−13	+12
Radiograms	−23	+ 8
TV sets	− 6	+38

(a) Total production. (b) October-November.

The rise in output of durable consumer goods in the engineering industry was not sufficient to offset the decline in the output of capital goods. The index of engineering and electrical goods production, in spite of an increase from October to November, in the two months together was lower than in the third quarter. The fall of six per cent in steel consumption in the fourth quarter also indicates that heavy industry was depressed.

Imports

The volume of imports has been high in recent months. The monthly figures were disturbed by the acceleration of Customs clearances in December before the introduction of the new tariff list in January. But if the figures for December to February are taken together, a rising trend in imports is apparent :

Table 5. Volume of imports[a]

Index numbers, 1954 = 100

	1958				1958/9
	I	II	III	Oct./Nov.	Dec./Jan./Feb.
Volume of imports	114	113	111	117	119

(a) Adjusted for delays due to the dock strike in June 1958.

While consumption of imported basic materials has remained low, the upward trend in consumption of imported foods, fuel and manufactures has continued and the liberalization of imports during 1958 has been followed by a marked increase in imports of canned salmon, which were £12 million higher in the fourth quarter than in the previous three quarters put together. But liberalization has not had much influence so far on imports of dollar machinery or of newsprint (for which the dollar quotas were not fully taken up before liberalization). The re-stocking of imported commodities, following the de-stocking in the first half of the year, continued in the fourth quarter. The rate of increase in stocks may have been slightly higher than in the third quarter but comparison is upset by the abnormality of the December import figures.

Import prices have remained about stable. The increase in the volume of import arrivals, combined with the decline and subsequent small recovery in exports, confirms the view that the balance of payments surplus is likely to have been much smaller in the second half of 1958 than in the first.

The reserves were affected by a variety of special factors in December and January—payments on the North American loans in December, United States purchases of British Aluminium shares in January, and some speculative swing of funds out of sterling in December and back into sterling in January. But apart from these factors, the reserves appear to have continued to rise slowly up to the end of February.

Costs and prices

Retail prices since December have been stable, although food prices were higher ; the prices of both imported and home-grown food rose up to January. Prices of manufactured goods, other than food, have been generally stable.

The rise in prices of imported foods was offset by a slight fall in prices of imported materials, leaving the index of import arrival prices the same on average. Our index of current import prices stayed about the same from December to February, indicating that import arrival prices should remain stable for a month or two ahead.

Wage rates rose by $1\frac{3}{4}$ per cent in the fourth quarter, principally as a result of the engineering settlement in October. Since then there have been few settlements, and wage rates hardly rose at all from November to January. Because of the slight recovery in industrial production and a slight further decline in employment, the average rise in wages in industry as a whole was matched in the fourth quarter by an increase in output per man, so that labour costs per unit of output have remained about constant since the third quarter. The experience of firms must have varied considerably since the recovery was not uniform. Consumer goods industries, in which the recovery was concentrated, must have done best.

Recent figures show that company profits, as estimated by the Inland Revenue from a sample inquiry, fell, both absolutely and as a proportion of turnover, in the second and third quarters of 1958 ; they thus cushioned some of the rise in unit labour costs that occurred then. A recovery in output would probably raise profits again. The likelihood remains that price rises will continue to be moderate, but the prospects for prices depend considerably on how much output and productivity recover and how quickly the benefits are passed on to the consumer.

The outlook and the Budget

Recent developments have given some foretaste of the benefits of a revival in demand. But, as has been shown above, the slight revival has depended principally on the temporary impact of easier credit on consumers' expenditure. Moreover, the slight increase in output has been achieved by higher output per man; up to January, employment was falling. The forces of expansion are still weak.

In the absence of further government measures, the general level of demand and output is unlikely to change greatly. There is now the possibility of some increase in total fixed investment, though investment in manufacturing is still likely to fall significantly ; exports may rise gradually, but demand abroad seems too weak for there to be the prospects of a substantial rise this year ; the rise in consumers' expenditure is likely to slow down as the impact of easier credit wears off. There is unlikely to be a sufficient rise in demand to raise output or reduce unemployment greatly.

It is likely that some expansionary measures will be introduced in the Budget. Measures of the magnitude commonly discussed—6d. off the income tax, a slight reduction in purchase tax, some further slight incentive to investment—would have a relatively small impact on demand, output and employment.

In our previous number we estimated that there was sufficient idle capacity and labour to permit an increase of 10 to 15 per cent in industrial production in about two years. The corresponding increase in total national output would amount to £1,500–£2,000 million at present prices. Production has barely risen since then and capacity is still growing.

Concessions of the type mentioned above might cost the Exchequer about £200 million in the first instance. It is possible in principle for such a stimulus to generate a cumulative increase in demand considerably larger than that amount. In practice, the cumulative effect is likely to be small : in technical terms the values of the ' multiplier ' and the ' accelerator ' are low.

In the first place, a high proportion of any extra income released through the Budget is likely to be saved, taxed or spent on imports, with the result that it will generate no extra output and income at home :—

(a) On average 8 or 9 per cent of personal income after tax is saved. Income tax and purchase tax concessions would benefit those who, because their incomes are high, are most likely to save. (Nearly half the taxes on personal income comes from people with £1,500 a year or more ; and they spend more on goods subject to purchase tax than those with small incomes.)

(b) About 20 per cent of total final expenditure goes on imports.

The ' initial ' impact of a tax relief of £200 million is therefore likely to be a considerably smaller increase of output and incomes—perhaps £100–£150 million. This will admittedly lead to further spending, and to further expansion, but these ' multiplier ' effects would probably be moderate. One reason is that at the second round at least 30 per cent of the new income would be taxed. But in addition, as before, part would go on imports and part would be saved. In present circumstances, the proportion saved at the second round may be high, because extra spending on home-produced goods and services might well cause profits to rise more rapidly than other incomes; and a high proportion of profits, distributed or undistributed, is taxed or saved. Profits, as noted earlier, have been squeezed and are likely to expand in a recovery when increases in output are met by increases in productivity. For all these reasons the ' secondary ' effect would be perhaps half the initial impact : and the ' tertiary ' effect half of that. The total cumulative stimulus to consumption is therefore likely to be of much the same size as the tax cut itself.

The second reason for expecting the economy to react slowly is that investment is not likely to respond quickly to a rise in other items of demand : first, because there is a large amount of idle capacity, and secondly, because stocks were not generally run down in the recession.

It is true that over a span of years there are some ways in which recovery tends to multiply itself. Once recovery has gone far enough to reduce idle capacity substantially and to induce renewed confidence in expansion, fixed investment in industry will respond. Again, even if the first impact of higher productivity is higher profits, eventually some of the benefits will probably be passed on to consumers, increasing their purchasing power. Further, the higher imports will increase purchasing power abroad, and eventually a fair proportion is likely to come back in the form of higher demand for exports. A policy of expansion should not be framed without taking these later secondary effects into account, but they may not be very large.

In this context it is important to remember that it took a prolonged series of substantial government measures to generate the expansion in demand up to 1955. Taxation was reduced in a series of expansionary budgets. Investment was raised by the relaxation of controls, first on house building and then on the building of shops, offices and the like. There is no demand to be released by decontrol now, and only a limited part of total fixed investment is likely to be sensitive to recovery.

Conclusion

For all these reasons, concessions of the order of £200 million may not have a great effect.

The main risk entailed in stronger expansionary measures is their effect on the balance of payments. The extent of the risk cannot be precisely assessed but there are a few discouraging straws in the wind. The balance of payments surplus must already have fallen from the abnormally high figure of a year ago and the reserves have recently risen little. Imports have been rising and, although there is no reason, so long as supplies of coal and steel are adequate, to expect expansion to have a *disproportionate* effect on imports, (see pages 26 to 40), it would raise them further. Exports have been fairly stable, but the evidence examined on page 22 suggests that Britain's competitive position in exports of manufactures, like that of the United States, does not compare very favourably with that of Germany, of Japan or, since devaluation, of France.

However, as was emphasized in the first issue, only if Britain and other industrial countries pursue expansion and face the risk of some deterioration in their foreign payments can world trade be expected to revive. For this reason there is a case for taking risks and for trying to persuade other industrial countries in a strong position, notably Germany, to follow suit. If all industrial countries move together, the risks to any one country are reduced. There is, of course, an alternative—a change in external policy to meet the balance of payments problem more directly : but there is unlikely to be a retreat from convertibility at a fixed exchange rate or from the liberalization of imports.

In the long run, the solution to the balance of payments problem requires an improvement in the competitive position of the economy. It is to be hoped that, in addition to budgetary concessions to consumers, measures will be chosen which will stimulate investment and research.

The most disturbing feature of the present situation is that investment in manufacturing is likely to continue to fall unless the inducement to invest becomes stronger. In present circumstances, manufacturing investment can best be stimulated by promoting general recovery and confidence in continued expansion ; but direct financial incentives may be a useful reinforcement. There is every reason, too, to sustain the growth of public investment in basic industry for the sake of the competitive position of the economy in the future. At present, investment policy, especially in the public sector, appears to be inhibited by a fear that expansionary measures introduced now may induce an upsurge in private investment in 1960 and 1961 that will again overload the economy. For this reason, only short-run public investment projects are generally being encouraged. These fears appear to be based on an underestimate of the growth of capacity and an overestimate of the upsurge in private investment that expansion might induce. As noted above, a large part of the increase in investment in the period 1952–57 was caused by decontrol and would not be repeated. Investment in private manufacturing industry—the type of investment that is most sensitive to changes in the general level of demand—accounts for only just over a quarter of total fixed investment. It is higher in relation to national income than it was in 1952–53 and it is unlikely to rise again so sharply in response to a general rise in demand.

Finally, there seems little risk that expansion would again quickly cause a tight labour situation ; the reserve of labour is appreciable. A more detailed review of the employment position follows.

EMPLOYMENT AND UNEMPLOYMENT[1]

Having stayed at about 2.4 per cent (seasonally adjusted) from October to December last year, unemployment (including the temporarily stopped) rose to 2.6 per cent in January and February but then fell back to the rate of 2.4 per cent in March.

The figures of registered unemployed are, however, an inadequate measure of the number of persons who are seeking work or who would do so if opportunities were better. The figures record only those who, seeking work, register at employment exchanges. They may be expected to give a smaller figure than—for instance—the United States statistics which record, on the basis of a sample inquiry, the number who state that they are seeking work or would do so if they were not ill, temporarily stopped, or believed that no opportunities existed in their area.[2]

The view that the numbers available for work exceed those registered as unemployed is confirmed by an analysis of trends in employment during the recent period of slackening demand.

The trend in employment

Although production levelled out at the end of 1955 and excess demand for labour gradually declined thereafter, employment did not begin to fall until the end of 1957. Between the end of 1955 and the end of 1957 unemployment (seasonally corrected) rose slightly from 1.00 to 1.40 per cent of the labour force, unfilled vacancies fell and average weekly hours fell by 1 per cent. Nevertheless the demand for labour continued to be strong enough to draw more people into the labour force : between 1955 and 1957 civil employment rose by about 300 thousand, of whom only about 100 thousand came out of the armed forces.

Thus up to 1957 the trend for a higher proportion of the population to take work continued. To analyze where the extra workers came from it is best to examine this trend over a longer period. Taking the years 1951 to 1957, some 535 thousand extra men and 565 thousand extra women took civilian jobs or registered themselves as wanting a job—an increase in the number of civil employees of 5 per cent. The source of these increases differed considerably for men and women.[3]

For men, the total can be broken down as follows :

125,000	Due to increase in male population of working age (15–64).[4]
215,000	Due to increase in the proportion of men of working age who chose employment.
105,000	Reduction in armed forces.
90,000	Increase in number of men over 65 in employment. (20 thousand of these can be explained by the increase in the total numbers in this age group ; 70 thousand by the higher proportion of those in the age-group who chose to work.)

Of the increase of 215 thousand resulting from the higher proportion of men who chose employment, about a quarter were aged 60–65 ; in this age-group the proportion of men at work or seeking work rose from 75.7 to 80.5. Otherwise the increase was scattered over different ages.

For women, the change in the age-pattern of the population between 1951 and 1957—with more older women and fewer younger ones—militated against any rise in the number in employment. If, that is, in each five-year age group from 15 up to 60 the proportion of women in employment (or seeking work) had been the same in 1957 as in 1951, the number of women in employment would have been 135 thousand fewer in 1957. There is, therefore, an increase of 700 thousand rather than 565 thousand to explain, as follows :

150,000	Increase in number of women over 60 in employment. (25 thousand of these can be explained by the increase in the total numbers in the age-group ; 125 thousand by the higher proportion of those in the age-group who chose employment.)
547,000	Increased proportion of women of working age who chose employment.

It is an influx of women aged 35–60 which explains nearly all this 547 thousand. The proportion of women under 35 who were employed changed little :

[1] Unless otherwise stated, all figures in this section are for Great Britain only, and come from the *Ministry of Labour Gazette* ; the figures for unemployment exclude the temporarily stopped.

[2] It is of some interest that, in the 1951 Census, 340 thousand men in Great Britain described themselves as ' out of work ' ; even if one excludes the 65 thousand who were over 60 years old, the figure is still much bigger than the 165 thousand men registered as unemployed.

[3] The figures are derived from the Ministry of Labour's annual figures of the age of civil employees (for which the latest figures are for end-May 1957, published in the *Ministry of Labour Gazette*, June 1958, and which exclude the self-employed) and from the Registrar-General's figures of the age distribution of the total population (*Annual Abstract of Statistics*).

[4] This is the increase obtained by taking the 1951 percentages of men in each age-group who were at work (or registered as unemployed), and applying them to the 1957 age distribution.

Table 6. Women in employment

Age	Per cent of women in the age-group who were employees		Additions to the labour force from the increased proportion[a]
	1951	1957	(*Thousands*)
15–35	54.8	55.5	+ 31
35–40	36.0	40.5	+ 79
40–44	38.5	43.2	+ 84
45–50	37.4	43.6	+115
50–54	33.5	40.9	+131
55–60	27.6	34.2	+107
Total 15–60	43.7	47.0	+547

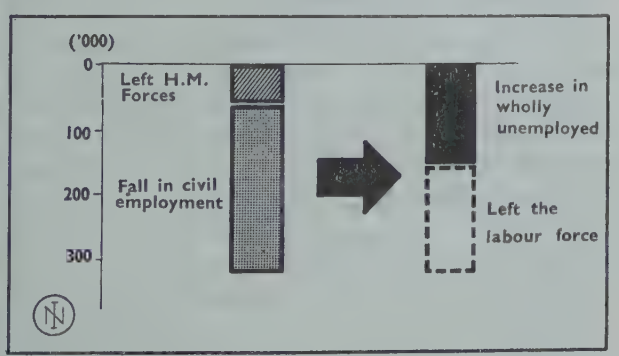
(a) The differences between the figures obtained by applying the 1951 and 1957 percentages to each age-group in the 1957 population.

The fall in employment

The change in trend came at the end of 1957 when industrial production began to fall. Although the figures are liable to revision, it is apparent that employment has fallen a good deal more than registered unemployment has risen. The provisional figures indicate that from the end of January 1958 to the end of January 1959 some 266 thousand people left their jobs, and 54 thousand left the forces—in all, 320 thousand. Only about half of these have been recorded in the figures for registered wholly unemployed : about 75 thousand men and 70 thousand women appear to have left the labour force. In addition there has been a rise of 36 thousand in those who, though believed to be recorded as employed, were in fact temporarily stopped on the day of the unemployment count. (The chart shows the figures from end-December 1957 to end-December 1958 ; the general picture is the same.)

Chart 5. Changes in employment and unemployment

December 1957 to December 1958



Some of the exodus—perhaps about a third of it—can be explained by the increase in retirement. Using estimates based on the first three quarters of the year, and excluding the very large number of late entrants who became entitled to pensions from July 5, 1958, it appears that 50–60 thousand more men and women claimed their retirement pension in 1958 than in 1957. The population changes do not explain this rise.

Table 7. Changes in population and pensions

Change from previous year ; thousands

	1956	1957	1958
Net awards of pensions[a]			
Men	+ 2	+11	+45[b]
Women claiming own insurance[c]	− 2	− 2	+12[b]
Population (at June in each year)			
Men aged 65–69	+ 5	+ 7	+ 3
Women aged 60–64 ..	+15	+20	+20

Sources : *Ministry of Pensions and National Insurance, Monthly Digest of Statistics.*

(a) Excluding late entrants, second retirements, and transfers from widows' benefit.
(b) Estimate based on the first three quarters.
(c) About a third of women claiming pensions do so on their own insurance.

In order to say where employment has fallen, it is necessary to examine figures for both employment and unemployment. Industries which use casual labour tend to attract the unemployed : a labourer who loses his job with an engineering firm may get a short spell with a building firm ; if out of work again, he then appears as unemployed in the building industry, not in the industry he originally left.[1] For this reason, and also because those who leave the labour force are omitted, the employment figures, although subject to revision, show best in which industries demand for labour has fallen.

From 1955 to 1957 the continuing increase in employment was the result of a slight increase in manufacturing industry, and a more marked increase in distribution, building and services (excluding transport). It is characteristic of periods when employment is falling that employment in services should remain relatively unaffected while industrial employment is easing. During 1958, employment in manufacturing fell ; employment in distribution stopped rising, and in services did not rise so fast. As shown in table 8 four industries—metals, engineering, textiles and clothing—account for 74 per cent of the fall in civil employment in the last year. But because of the tendency for workers either to leave the labour force or to find temporary employment elsewhere, these four industries account for only 20 per cent of the rise in total unemployment shown

[1] It is difficult to judge the importance of this ' classification effect ', but it has probably grown with the general rise in unemployment.

in the table. In textiles, for example, in the year ending December 1958, employment fell by no fewer than 66 thousand, whereas the number wholly unemployed rose by a mere 8,100. A large part of the exodus of women from the labour force must have occurred here, as it did in 1952. On the other hand, three industries—building and contracting, distribution, and other services—which between them account for none of the fall in employment (in the three industries taken together, employment rose), account for 39 per cent of the rise in unemployment.

Table 8. Changes in employment and unemployment

Thousands

	Employment at end-Dec. 1958	Change from end-Dec. 1957 to end-Dec. 1958 in : employment	Change from end-Dec. 1957 to end-Dec. 1958 in : wholly unemployed[a]
Mining, etc.	845	−23.0	+ 2.6
China, bricks, glass, etc.	331	−10.9	+ 3.0
Chemicals	536	− 2.0	+ 2.4
Metals	582	−34.2	+ 6.2
Engineering, etc.	2,153	−52.9	+15.8
Vehicles	1,211	−22.7	+ 5.7
Other metal goods	515	−10.4	+ 4.7
Precision instruments, etc.	150	− 1.6	+ 0.6
Textiles, leather, clothing	1,591	−98.0	+12.2
Food, drink, tobacco	885	+ 1.4	+ 7.7
Wood manufactures	289	− 4.0	+ 1.9
Paper and printing	579	− 0.1	+ 1.9
Other manufactures	288	− 7.2	+ 2.2
Building and contracting	1,331	− 4.1	+30.4
Gas, electricity and water	380	− 2.9	+ 1.1
Distributive trades	2,485	+ 6.5	+16.8
Agriculture, forestry and fishing	613[b]	− 1.0	+ 4.2
Transport and communication	1,660[b]	−31.0	+ 8.8
Public administration	1,294	+ 1.0	+ 6.2
Other services	3,759[b]	+48.0	+18.9
Persons not classified by industry	—	—	+14.8
All employees	21,477	*−249.1*	*+168.1*

(a) Average of the change from 9th December 1957 to 8th December, 1958, and from 12th January, 1958 to 13th January, 1959.
(b) Civil employment less N.I.E.S.R. estimate of self-employed.

Unemployment, for men, is concentrated among the unskilled ; this has always been so. Of those wholly unemployed in December 1955 and in December 1958 over half were classified as labourers—a group which, in the 1951 Census, formed about a sixth of the total in employment.

In the 91 different types of occupation distinguished, the numbers unemployed exceeded the vacancies in all but thirteen. For men, vacancies exceeded unemployed for draughtsmen, platers, electrical fitters, electronic equipment testers or installers, bus drivers or conductors, and for workers other than labourers in mining and quarrying, heavy chemicals, and agriculture. For women, there was an excess of vacancies for hairdressers, shorthand typists, and for workers in heavy and light clothing manufacture.

The regional pattern

Over the seven years from mid-1950 to mid-1957 there was a significant shift of employment opportunities from the North and West[1] of the country to the Midlands, East and South ;[2] three-quarters of the increase in employment during this period was in the South—an area which in 1950 provided only 57 per cent of the total number of jobs in the country.

Table 9. Employment[a] and unemployment by areas, 1950-1957

	Employment			Unemployment as per cent of employees	
	Mid-1950 '000	Mid-1957 '000	*Per cent change*	Mid-1950	Mid-1957
North and West :[b]					
Men	5,900	5,995	+ 1½	2.0	1.6
Women	2,920	3,140	+ 7½		
South :[c]					
Men	7,600	8,035	+ 5½	0.9	1.0
Women	3,955	4,430	+12		

(a) Civil employees, minus wholly unemployed.
(b), (c) See footnotes (1) and (2) below.

The North and West did particularly badly in jobs for men ; the number of men employed rose only 1½ per cent in the seven years.

During these seven years unemployment stayed about the same in the South and fell in the North and West. Movement from North to South, together, with the inflow of immigrants who probably came mainly to the South, appears to have exceeded the shift in job opportunities. The difference between the South and the North and West, where unemployment has always been heavier, was narrowed.

After the end of 1957—when employment began to fall—the trend changed. Since then, unemployment has risen considerably more in the North and West

[1] Northern, East and West Ridings, North-Western, Scotland, Wales.
[2] Midland, North Midland, Eastern and Southern, London and South-Eastern, South-Western.

than in the South : from the end of 1957 to the end of 1958, the addition to the unemployment percentage was greater in each of the regions in the North and West than in any of the regions in the South. Experience in the old Development Areas has been very little different from experience in the whole of the North and West. For every vacancy for adult men, there were in January 3.9 wholly unemployed in the South, and 9.3 in the North and West—with a figure of 24 for Scotland ; for adult women, for every vacancy there were 1.6 unemployed in the South and 5.8 in the North and West, with 12.2 in Scotland and 12.0 in Wales[1].

Table 10. Unemployment by areas, 1957-1958

	Number '000[a]		Per cent of employees[b]	
	end '57	end '58	end '57	end '58
South	147.8	202.3	1.2	1.6
North and West ..	168.3	269.4	1.8	2.9
of which Development Areas ..	88.9	142.0	..	..

(a) Wholly unemployed, excluding casuals.
(b) Includes temporarily stopped and casuals.

The regional distribution of those who have left the labour force without registering as unemployed is not known, but it may well be true that they too are concentrated in the North ; the textile industries are there, and many women losing their jobs in these industries are known to have withdrawn from the labour force. The employment position in the North and West has worsened, relative to that in the South, principally because it is the industries situated in the North—such as textiles, textile machinery, and metal manufacture—which have been the hardest hit.

Duration of unemployment, and age

The average period of unemployment—which stayed virtually the same from 1955 to 1957—has lengthened appreciably : over half the men wholly unemployed in December 1958 had been so for over 8 weeks, and one in four had been unemployed for more than half a year. For women, too, the proportion of long-term unemployment, though lower than for men, has risen. In all, there are now in the country just over 100 thousand unemployed who have been out of work for over half a year ; whereas total unemployment from December 1957 to December 1958 rose 50 per cent, both the number who had been unemployed for 2–6 months and the number unemployed for over 6 months rose by about 90 per cent. Here again, there is a marked difference between the North and the South ; for each of the regions in the North and West, the proportion of men unemployed for over half a year was higher than in any of the regions in the East or South. In Wales, the proportion was 35 per cent ; in the Development Areas as a whole, it was 31 per cent.

The rise in registered unemployment has been fairly evenly spread between adults of different ages. Unemployment is always higher amongst the old, but the recent increase has been rather greater amongst those under 40. This applies, however, to those registered as unemployed and it may well be true that the old more commonly fail to register at employment exchanges than others ; further, there has been the considerable rise in retirement, already mentioned.

The labour demand for boys and girls under 18 is, as it has been throughout the post-war period, higher than for adults. But there has been a sharp change since a year ago, which has been made the sharper by the increase in the number of school leavers. In mid-1958, there were about 60 thousand more boys and girls aged 15 than a year earlier, and by mid-1959 there will be a further addition of about 35 thousand. In a number of regions the wholly unemployed now exceed the unfilled vacancies ; as usual, the distinction is between the North and West on the one hand, and the South on the other.

In the South there were still, in January, slightly more unfilled vacancies for boys than there were unemployed ; in the North and West, there were 3.5 unemployed for every vacancy, with 8.1 in Scotland and 6.4 in Wales.

For girls, in the South and East there were 2.8 vacancies for each girl unemployed ; in the North and West there were slightly more unemployed than vacancies—with a particularly bad ratio in Wales, where there were 5 unemployed for each unfilled vacancy.

Table 11. Unemployment by age[a]

(*December percentages*)

Age	Men			Women		
	1955	1957	1958	1955	1957	1958
20 to 40 ..	0.8	1.4	2.4	1.0	1.4	2.0
40 to 55 ..	0.9	1.4	2.0	1.0	1.2	1.6
55 and over ..	1.6	2.2	2.9	0.9	1.0	1.4

(a) Wholly unemployed (excluding casuals) expressed as a percentage of the number of civil employees in each age-group at end-May 1955, for the first column, and at end-May 1957, for the second two columns.

[1] The extent to which employers notify vacancies varies from industry to industry ; this may explain a little of the difference, but not by any means all of it.

THE DOLLAR

In the past year, the high rate at which gold has flowed out of the United States has attracted attention. There has been talk of the ' weakness ' of the dollar and even of the possibilities of devaluation. This article examines the developments in the United States balance of payments which underlie these opinions.

The gold outflow

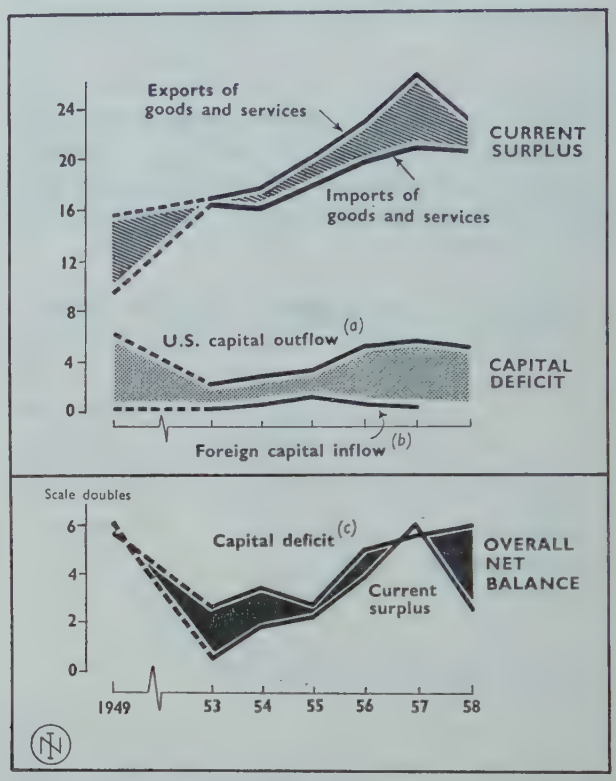
The outflow of reserves from the United States is not a new phenomenon. Since 1949 the United States surplus on current account has been more than matched by aid and by Government and private lending abroad, except in 1951 and 1957. Consequently other countries have been gaining gold and short-term dollar balances from the United States. The outflow of gold and dollar assets was interrupted in 1957 as a result of the Suez crisis and other developments, but at the end of 1957 it was resumed on an enlarged scale. As shown in table 20, the outflow averaged $1.3 billion in the years 1953–1956, was replaced by an inflow of $0.5 billion in 1957 and then by a renewed outflow of $3.3 billion in 1958. The outflow remained fairly steady throughout 1958.

Britain, in the year after September 1957, gained more gold and dollar reserves than any other country. There is however little direct relationship between the United States' losses and Britain's gains. In the period 1953–1956 when the United States was losing reserves, Britain gained little. After September 1957 Britain gained because speculation against the pound was reversed and sterling area countries borrowed more from international institutions and from non-sterling countries, including the United States. But, as was shown in our last number, the current balance of payments of the whole sterling area barely improved.[1] Moreover since the middle of 1958 Britain's reserves have risen little, although the outflow of gold and dollars from the United States has not diminished.

The increase in the gold and dollar outflow in 1958 has been caused by a sharp drop in the United States exports from the post-Suez peak in 1957 ; imports have remained stable and the outflow of capital (including non-military aid) has continued at the rate of $5 billion to which it rose in 1956. (Chart 6).

Chart 6. U.S. balance of payments

$ billion



Source : *U.S. Department of Commerce.*

(a) Net of repayments ; includes government non-military aid and grants ; excludes military aid.
(b) Long-term capital only.
(c) Excess of capital outflow over long-term capital inflow *plus* pensions and remittances *minus* errors and omissions.

The increasing stability of imports, first in the 1953–54 recession and then in this one, has contradicted the widespread view, based on previous experience, that when production falls in the United States the value of imports falls in the same proportion or more.

In the second quarter of 1958 the United States index of industrial production was 12 per cent lower than a year before, but—despite rapid liquidation of stocks of materials—the value of merchandise imports fell less than 4 per cent.[2] That was entirely due to lower import prices ; the volume, if anything, rose, and remained stable in the third quarter. Because she exports large quantities of primary products as well as industrial products, the United States did not experience as big an improvement in her terms of trade as Britain and most other industrial countries when primary prices fell in 1957–58. The following sections analyze the trend in visible imports

Mr. F. G. Davidson, Mrs. H. B. Junz, Mr. A. Maizels and Mr. H. J. Spicer co-operated in the preparation of this article.

[1] See pages 6–7, *National Institute Economic Review*, Number 1, January 1959.

[2] Retained imports. The decline on the balance of payments basis would probably be slightly greater.

and exports, invisible transactions and capital transactions. Military aid has been excluded throughout from the figures for export shipments and for capital grants.

Imports

Comparing the first nine months of 1958 with the first nine months of 1957, the approximate stability of total imports was the result of a rise in manufactures (for which cars were mainly responsible), a rise in foodstuffs (imports of which were known to be mainly dependent on factors other than the general state of the American economy) and a fall in materials (which have always been most sensitive to a recession). But the value of industrial materials fell by only about 8 per cent, considerably less than industrial production. Table 12 shows the pattern in more detail.

Table 12. Change in U.S. imports, 1956 to 1958

$ million, annual rate

	Imports, Jan.-Sept. 1956	*Change, Jan.-Sept.,* 1956 to 1957	1957 to 1958
Total retained imports ..	12,438	+356	−354
Main items increasing ..	*3,220*	*+476*	*+659*
Meat and cattle	184	+ 19	+234
Other foods except coffee	1,652	− 2	+151
Petroleum and products..	1,254	+285	+ 61
Automobiles	130	+174	+213
Main items decreasing ..	*5,832*	*−233*	*−1,055*
Coffee	1,506	−178	−182
Metals, iron ore, etc. ..	2,255	+120	−549
Diamonds..	229	− 34	− 26
Natural crude rubber ..	398	− 54	−115
Textile fibres	425	− 44	−106
Newsprint and paper base stocks	1,019	− 43	− 77
Items showing little change..	*3,386*	*+113*	*+ 42*
Sawmill products ..	315	− 71	+ 9
Chemicals, etc.	271	+ 3	+ 2
Machinery	355	+ 72	+ 30
Textile manufactures, etc.	617	+ 7	− 7
All other products ..	1,828	+102	+ 8

Sources: *Economic Report of the President*, January 1959, and *U.S. Department of Commerce.*

Some reasons have recently been advanced to explain why American imports have become less sensitive to changes in business activity. The main reason is that some materials which the United States now draws from both domestic and foreign sources come more cheaply from foreign than from domestic producers, because domestic supplies are being depleted or are not rising fast enough. Moreover foreign prices are more flexible. As a result, some of the domestic capacity is used only to meet peak demand, and imports tend to be maintained as demand declines. This is the reverse of the situation which is said to have obtained for many commodities in the past.

A second reason is that in recent years imports of manufactures have increased more rapidly than imports of crude materials and crude foodstuffs, and so have formed an increasing share of total imports. The share of finished manufactures has risen from 19 per cent of total imports in 1949 to 30 per cent in the first three quarters of 1958. Associated with this change there has been an increase in the importance of imports of consumer goods. They continued their upward trend, though at a reduced rate, during the 1953–54 and 1957–58 recessions, when they were sustained by the stability of personal incomes.

Among consumer goods, imports of food and automobiles have recently shown the greatest strength. Food imports in the first half of 1958 were about 6 per cent higher in value than during the corresponding 1957 period, a decline in import prices having been offset by a rise in volume greater than 8 per cent. There was a large increase in imports of meat and live cattle, in response to the rise in meat prices caused by reduced home slaughterings. However, the Department of Agriculture expects meat production to rise this year, so that the outlook for imports is now less favourable.

The large imports of cars are a recent development. Compared with the first nine months of 1956, imports almost quadrupled, reaching an annual rate of over $500 million in the first nine months of 1958. Some of these imports, however, earned profits for American companies, whose subsidiaries or associates abroad have shared in the expansion of foreign car sales in the United States market and in export markets. While price considerations certainly played a role here, the declining taste for large cars undoubtedly contributed to the rising demand for foreign cars. If the American motor car industry starts producing small cars on a large scale, as is commonly expected, that may interfere with the steep upward trend of car imports, but it would probably result only in a diminished rate of growth rather than in a reversal of the trend.

An increasing share of manufactures in total imports is not a phenomenon peculiar to the United States. The analysis of trends in British imports on pages 26 to 40 shows that Britain has had the same experience, as have other industrial countries. In most industrial countries, in recent years, imports of basic materials have risen more slowly than industrial production, whilst imports of manufactures have increased, helped by the liberalization of import restrictions. In the United States, tariffs have been lowered. The ratio of duties collected to the value of

dutiable imports, which is a rough guide, fell from 19.3 per cent in 1947 to 13.2 per cent in 1950 and 11.0 per cent in 1957. The reduction in tariff rates applied principally to manufactured goods. The quota restrictions, voluntary or mandatory, imposed on such products as petroleum, lead, zinc, and cotton textiles demonstrate that the United States, like other industrial countries, still resorts to protective action when particular industries are in trouble. These instances, however, are relatively few. But there is no reason at present to expect any change in the general direction of commercial policy. The competitive position of United States manufactures, which influences imports and exports alike, is discussed on page 21.

A further recovery in United States industrial production should sustain imports of materials, though in the coming months the rise in production seems likely to be only moderate ; further, continually rising personal incomes will give support to the growth of consumer goods imports.

Exports

United States receipts from merchandise exports (excluding military aid shipments) rose by 11½ per cent between 1956 and 1957 and fell again by 16 per cent in 1958. As is shown in table 13, five groups of commodities—metals, petroleum, cotton, coal and wheat accounted for 50 per cent of the rise in exports from 1956 to 1957 and for 75 per cent of the fall from 1957 to 1958. All these are basic commodities or semi-manufactures, not highly fabricated manufactures. Special circumstances explain the rise and fall in exports of petroleum, cotton and wheat : petroleum exports rose temporarily after the Suez crisis ; cotton exports were swollen as foreign countries, having previously delayed purchases in the expectation of a change in United States export prices, replenished their stocks ; and wheat exports were swollen by shipments to Europe after the bad harvest there in 1956, and by surplus disposals, principally to the Far East.

Table 13. Changes in United States exports, 1956 to 1958

$ million, annual rate

	Jan.-Sept. 1956	*Change, Jan.-Sept.*	
		1956 to 1957	1957 to 1958
Total exports, excluding 'special category'[a] ..	15,769	+3,149	−3,433
Five items accounting for 75 per cent of decline	*4,141*	*+1,571*	*−2,588*
Iron and steel mill products, non-ferrous metals, scrap and ferro-alloys	1,666	+213	−1,183
Crude petroleum and products	451	+516	−499
Raw cotton	535	+535	−341
Coal and related fuels ..	719	+161	−331
Wheat	770	+146	−234
Other exports	*11,628*	*+1,578*	*−845*

Sources : *Economic Report of the President*, January 1959 and *U.S Department of Commerce.*

(a) Special category exports comprise strategic materials and goods, whether commercial exports or aid.

Note : These data are not comparable with those presented in Tables 14, 15, and 16, since they are based on United States classifications which differ from the Standard International Trade Classification.

Exports of manufactures

United States exports of manufactures have been more stable than exports of basic commodities. Since trade in manufactures reflects changes in competitive power more closely than trade in primary products, a detailed analysis of United States exports of manufactures and their share in world markets has been undertaken.

United States exports of manufactures, including steel and metals,[1] fell in value by 12 per cent between the first nine months of 1957 and the first nine months of 1958. In the same period, total world exports of manufactures from industrial countries fell by 3½ per cent.[2] In consequence, the United States, which previously had held its position better than Britain in the face of the resurgence of Germany and Japan, experienced a decline in its share of world exports of manufactures from 25.7 per cent to 23.4 per cent. If calculated in constant prices, the decline in the United States share was much the same.

[1] In this analysis, the Standard International Trade Classification has been used, in which steel and other metals (but not ores and scrap) are included as manufactures.

[2] See *Appendix, table* 19.

Table 14. Exports of manufactures from five major industrial countries, and the United States share by areas

$ billion and per cent

Destination	Five industrial countries (including United States)			United States [a]			United States share (*per cent*)	
	Jan.–Sept.		Change (*per cent*)	Jan.–Sept.		Change (*per cent*)	Jan.–Sept.	
	1957	1958		1957	1958		1957	1958
United States	1.30	1.41	+ 9	—	—	—	—	—
France, Germany, Japan and the United Kingdom	2.29	2.07	−10	0.97	0.81	−16	42.4	39.0
Canada	2.70	2.34	−13	2.20	1.85	−16	81.4	79.1
Other European countries	5.41	5.19	− 4	0.86	0.74	−14	15.9	14.2
Industrial countries	*11.70*	*11.01*	*− 6*	*4.03*	*3.40*	*−16*	*34.5*	*30.9*
Overseas sterling area	4.58	4.51	− 2	0.69	0.66	− 4	15.0	14.6
Latin America	3.63	3.49	− 4	2.58	2.41	− 7	71.1	69.1
Middle East	0.67	0.80	+20	0.17	0.21	+20	25.6	25.5
Far East	1.16	0.92	−21	0.48	0.36	−24	41.3	39.6
Other primary producing countries	1.58	1.52	− 4	0.19	0.15	−23	12.1	9.7
Primary producing countries	*11.62*	*11.24*	*− 3*	*4.11*	*3.79*	*− 8*	*35.4*	*33.7*
Sino-Soviet Countries	0.42	0.54	+29	—	0.01	..	1.2	2.5
World Total	*23.74*	*22.79*	*− 4*	*8.15*	*7.20*	*−12*	*34.3*	*31.6*

Sources : Estimates based on data from *Commodity Trade Statistics*, United Nations, *Foreign Trade Statistical Bulletin, Series IV*, O.E.E.C., and national trade statistics.
(a) Excluding special category exports.

Table 14 shows the total exports of manufactures of five major industrial countries—Britain, France, Japan, Western Germany and the United States —during this period and compares the United States export performance with the general experience of the five in the main areas of the world.

One of the main features of world trade in manufactures in 1958 was the expansion in exports to the United States itself. Indeed the United States has become Britain's largest single market (displacing Australia), as it has been Japan's throughout the post-war period. In all other areas, with the exception of the Middle East, and the Sino-Soviet countries, the total exports of manufactures of the five countries declined. There was a substantial fall in exports to Canada, and also quite a considerable decline in exports to Europe and Japan. Indeed total exports to industrial areas fell more than those to primary producing countries. There the fall was most marked in exports to the Far East and least in exports to the sterling area, with Latin America and other primary producing countries in between.

The United States clearly suffered because it holds such a large share of the Canadian market, which contracted sharply. Canada alone accounted for one third of the United States total export loss. Otherwise there was little apparent bias against the United States in the geographical pattern of changes in trade. Another third of the export loss was due to lower exports to Europe and Japan, where lower sales of steel were important ; the remaining third was due to lower exports to the primary producing countries in the rest of the world. But in all areas, except the Middle East and the Sino-Soviet countries, where the total market expanded, there was a decline in the United States share of the market.

With more detailed figures, giving the exports of manufactures of the five countries to sixty-four destinations, it is possible to divide the change in exports of manufactures from each country into three elements :—

(a) That part which reflects the *general contraction* in the world market for manufactures. That is the decline that would have taken place if each country's exports had fallen in proportion to the total decline in world trade in manufactures.

(b) That part due to the change in the *area pattern* of demand. That is the additional change that would have occurred if each country had maintained its share in every one of the sixty-four markets, and so had gained if its trade was

Table 15. Changes in exports of manufactures from five major industrial countries to 'third markets'[a]

$ billion

	United States	United Kingdom	Western Germany	France	Japan
January-September 1957	7.18	4.99	4.40	2.09	1.50
January-September 1958	6.39	4.79	4.63	2.06	1.45
Change	−0.79	−0.20	+0.23	−0.03	−0.05
Of which, attributable to :					
(1) Contraction in world trade in manufactures	−0.28	−0.20	−0.19	−0.09	−0.06
(2) Change in area pattern of demand	−0.22	+0.13	+0.10	+0.10	−0.10
(3) Change in share of individual markets	−0.28	−0.13	+0.32	−0.03	+0.12

Source : *See table* 14.

(a) Exports of S.I.T.C. groups 5–8, excluding United States special category exports, to 64 countries or groups of countries comprising all areas other than the five major industrial countries.

in markets which contracted by less than the average, or lost if its trade was in markets that contracted by more than the average.

(c) The remaining part due to the change in its *share* of the markets.

The trade of the five countries with one another has been excluded so as to confine the calculation for every country to a common area of 'third markets'.

The results of the calculation, given in Table 15, show that the fall in United States exports of manufactures to third markets can be attributed in roughly equal proportions to each of the three elements distinguished.[1] The United States was the main loser from the change in the area pattern of trade, small gains being shown by Britain, France and Germany and a small loss by Japan. The United States was, moreover, the main loser in terms of market shares ; the principal gainer here was Western Germany, which still further increased her share of the west European market. There was a fall in Britain's average market share and an increase for Japan. The changes in market share, expressed in percentages, were as follows :

	Total change (per cent)	*Change due to market share (per cent)*
United States	−11	−4
United Kingdom	−4	−2½
West Germany	+5	+7
France	−1½	−1½
Japan	−3½	+8

[1]The change in market pattern has been calculated by using base-period weighting, while that in shares uses current-period weighting. It is unlikely that substantially different results would be obtained if the reverse procedure were used.

The fall in United States exports due to loss of market share, amounting to 4 per cent of the value of her exports in the first nine months of 1957, was rather greater than the proportionate reduction in British exports. But the experience of both Britain and the United States was in marked contrast to that of Western Germany and Japan, whose gain in market share amounted to 7 or 8 per cent of their 1957 exports.

The fall in the United States share was fairly widespread, in terms of both currency and geographical areas. Of the sixty-four countries or groups of countries on which the calculations are based, the United States share fell in twenty-eight and rose in nineteen ; in the remaining seventeen countries, the United States share was virtually unchanged.

The majority of markets in which the United States share fell were contracting markets ; about half of these were industrial countries where the United States must have been a marginal supplier to some extent. Yet even in Latin America, where the United States dominates the import trade in manufactures, the United States share fell in seven out of the ten areas distinguished in the calculation.

The commodity pattern

Canada accounts for virtually all the decline in United States exports due to the shift in area pattern of demand shown in table 15. Changes in the commodity pattern of exports to 'third markets' other than Canada can, therefore, be regarded as not influenced to any great extent by the concurrent change in the area pattern.

An important reason for the fall in United States exports of manufactures to third markets outside Canada was the sharp reduction in shipments of steel and other metals noted earlier : they accounted for some 40 per cent of the decline. (Table 16.)

Table 16. Exports of manufactures from five major industrial countries to 'third markets' other than Canada[a]

$ billion and per cent

Commodity Group	Five industrial countries[b]			United States[c]			United States share (*per cent*)	
	Jan.-Sept.		Change (*per cent*)	Jan.-Sept.		Change (*per cent*)	Jan.-Sept.	
	1957	1958		1957	1958		1957	1958
Chemicals	2.06	2.05	−0.5	0.69	0.66	−4.9	33.6	32.2
Textiles	1.69	1.52	−10.3	0.26	0.24	−8.0	15.3	15.7
Metals and metal manufactures	3.13	2.76	−11.8	0.67	0.50	−25.7	21.3	18.0
Machinery	4.91	5.07	+3.2	1.70	1.69	−0.7	34.7	33.4
Passenger cars and chassis ..	0.78	0.85	+9.3	0.18	0.16	−9.2	22.6	18.8
Other transport equipment ..	2.39	2.34	−2.0	0.82	0.71	−13.0	34.2	30.4
Other manufactures	2.65	2.64	−0.3	0.68	0.64	−5.2	25.6	24.3
Total	17.61	17.23	− 2.1	4.99	4.59	− 8.1	28.4	26.6

Source : *See table* 14.

(a) The totals here, derived from aggregating data by commodity groups, do not agree precisely with those derived from the country detail in tables 14 and 15; this is due partly to the incomplete country detail available by commodity group, and partly to the need to supplement the published statistics by some estimates. The figures for the same areas given in table 14 show a fall of 3 per cent in exports from the five major countries, and a fall of 9 per cent from the United States.
(b) France, Japan, United Kingdom, United States and Western Germany.
(c) Excluding special category exports.

The general commodity pattern of trade in manufactures did not, however, shift to the detriment of the United States ; if anything, the balance of advantage moved slightly in her favour. The main loss resulted from the sharp fall in trade in metals, but this was more than offset by the expansion in total trade in machinery, the group in which the United States share is highest. The effect on United States exports of changes in the pattern of total trade in the other commodity groups was small.

Apart from metals, the commodity groups in which the United States share of the market declined most were cars and other transport equipment (in which category there was a heavy fall in exports of lorries) ; only in textiles did United States exports fall proportionately less than those of her main competitors.

Thus, after allowing for changes in both area and commodity patterns of world trade, it can be concluded that roughly one-third of the decline in United States exports of manufactures to third markets resulted from a genuine fall in her share of overseas markets. The following paragraphs examine trends in prices and costs.

Prices and costs

Average prices of both United States and British exports of manufactures (as measured by unit values) have risen more rapidly than those of Germany, France or Japan since 1955. British prices stopped rising at the end of 1957, while United States and German export prices stopped rising somewhat earlier.

Table 17. Price indices of exports of manufactures[a]

1953 = 100

	1952	1953	1954	1955	1956	1957	1st half 1958
United Kingdom	105	100	99	101	105	109	110
United States[b]	100	100	99	99	106	112	111
Western Germany ..	102	100	98	98	101	103	103
France	107	100	98	101	105	107	105
Japan	104	100	96	93	97	98	92

(a) Unit value indices in terms of U.S. dollars.
(b) Excluding special category exports.

These figures are influenced by differences in the composition of exports. For example, average Japanese export prices fell partly because of the importance in her trade of textiles, prices of which fell heavily. Analysis of unit values of different types of exports for the five countries shows that, in each country but Japan, prices of non-electrical machinery have risen far more than prices of other goods. The rise continued between the first half of 1957 and the same period of 1958 (except in France where devaluation prevented a large rise but did not reduce export prices). Hence in every country but Japan, export prices of non-electrical machinery in the first half of 1958 were 15 to 20 per cent higher than in 1953, with the United States and Britain showing the largest increases. Because exports of machinery, as

noted earlier, account for a rather larger share of United States exports than of the exports of other countries, this may give some upward bias to its export price index.

The industries producing non-electrical machinery appear to have benefited little from the fall in raw material prices. Being labour intensive industries, they must also have suffered badly from rising labour costs in the recent period when, owing to the recession, the upward trend in productivity was checked.

Examination of trends in labour costs in manufacturing as a whole, however, shows that in the United States the rise in productivity, resulting from recovery, has induced a fall in labour costs during 1958, whilst in other countries, where production has generally been stagnant, labour costs have not fallen. This may not apply to the machinery industry: in the United States, as in other countries, it remains more depressed than other industries.

The above evidence indicates that a rise in relative costs and prices has not been the immediate cause of the decline in the United States share in export markets for manufactures. All that can be said is, first, that compared with a few years ago both United States and British prices of manufactures appear to have risen in relation to those of Germany and Japan, where rapid increases in productivity have held export prices down, and to those of France, where devaluation has now reduced prices. Secondly, both Britain and the United States have experienced a reduction in their share of export markets for manufactures, the United States decline being the more pronounced recently.

Two other developments may well have been important: the technical superiority of American goods, which was increased by the war, must have been progressively narrowed as production in Europe and Japan has expanded; and the advantage which the United States enjoyed through offering prompt deliveries must recently have declined, as order books in Europe, which previously were relatively long, have shortened.

The invisible balance

The United States in recent years has had a deficit on invisible account because of its large military expenditures abroad (excluding military aid). Were it not for military expenditure, which now amounts to about $3 billion a year, there would be a large invisible surplus. (Table 18).

In 1958 the invisible deficit increased. Shipping earnings declined following the decline in exports of bulk cargoes and the fall in freight rates; there was a further increase in military expenditure; and the growth of income on foreign investments, which now brings in nearly $3 billion, was checked by the recession. In 1959, however, there is expected to be some improvement in the invisible balance, partly because of a reduction in military expenditure. In the longer run, the rising trend of income on foreign investments, which is discussed later, is likely to bring a continued, and possibly substantial, strengthening of the invisible balance.

Table 18. The invisible balance

$ billion, annual rates

	1953–56 Average	Jan.-Sept. 1957	Jan.-Sept. 1958
Receipts			
Transport	1.35	1.90	1.61
Travel	0.63	0.82	0.83
Military transactions	0.18	0.20	0.28
Miscellaneous services	0.99	1.21	1.24
Investment income	2.31	2.81	2.71
Total	5.47	6.94	6.67
Payments			
Transport	1.19	1.47	1.52
Travel	1.09	1.48	1.61
Military expenditures[a]	2.72	3.22	3.32
Miscellaneous services	0.71	0.81	0.84
Investment income	0.50	0.64	0.57
Total	6.21	7.61	7.85
Balance	−0.74	−0.67	−1.18

Source: *U.S. Department of Commerce.*

(a) Expenditure abroad on goods and services.

The capital account

As was shown in chart 6, an increase in the outflow of capital from the United States has been a major cause of the outflow of gold and dollars. As a result of a very sharp rise in private investment abroad and a slight rise in the outflow of government capital, the total outflow of United States capital exceeded $5 billion in 1957 and 1958 (Table 19). In the other direction, the inflow of foreign long-term capital, which has always been small, almost ceased in 1958. In addition, the inflow of speculative funds, which had occurred in 1957 came to an end.[1]

[1] Movements of unrecorded speculative funds show up in the errors and omissions item in the United States balance of payments. As shown in table 20, it was abnormally large in 1957 and low in 1958.

Table 19. The capital account

$ billion, annual rates

	1953–56 average	Jan.-Sept. 1957	Jan.-Sept. 1958
Current account balance ..	+1.40	+5.02	+1.58
U.S. government capital			
Grants and aid[a]	−1.77	−1.62	−1.56
Long and short-term loans, net	−0.27	−0.79	−1.07
Total	−2.04	−2.41	−2.63
U.S. private capital			
Direct investment	−1.00	−2.31	−0.99
New issues, net of redemptions	−0.13	−0.49	−0.95
Other long-term (net) ..	−0.11	−0.42	−0.47
Short-term (net)	−0.30	−0.26	−0.46
Total	−1.54	−3.48	−2.87
Foreign capital			
Long-term (inflow +) ..	+0.42	+0.27	+0.06
Short-term (inflow +) ..	+1.06	+0.22	+0.74
Gold (foreign purchases +)	+0.30	−0.93	+2.56
Total	+1.78	−0.44	+3.36
Errors and omissions (unidentified inflow +)	+0.40	+1.31	+0.56

Source : *U.S. Department of Commerce.*
(a) Excluding military aid.

Government capital and aid

Government lending and aid has risen slowly from an average of $2.0 billion in the years 1953–1956 to an annual rate of $2.0 billion in the first nine months of 1958.[1] While non-military grants and aid have declined gradually, there has been an increase in official lending, primarily through the Export-Import Bank and through local currency loans made under the agricultural surplus disposal programme. Three-quarters of all these funds have gone to the primary producing countries, mainly in Latin America and the Middle and Far East.

It is difficult to believe that the outflow of government capital will not continue to increase. There are for the current year definite commitments to expand the lending facilities of the International Monetary Fund and the Development Loan Fund, which alone call for some $1.6 billion. In addition, there are verbal commitments to participate in new international institutions, such as an inter-American banking institution and an Arab development fund. These commitments do not entail an immediate outflow of funds, but they point to increased lending in the future. The Development Loan Fund, for example, has already stepped up its lending activity considerably. Since the beginning of 1959 agreements amounting to over $200 million have been signed, as against agreements worth only about $120 million in the first three quarters of 1958.

The surplus disposal programme is also due to expand, and it is likely that aid programmes for the Middle East and Africa will increase in the future. Africa has received little so far. There may be an increase in private participation in these operations, for example through increased private lending to the Export-Import Bank. But President Eisenhower's expectation—expressed in his recent Budget Message—that by 1960 the burden of this aid will be borne by private investors, appears to be optimistic.

Any appreciable reduction in the outflow of government capital would entail a curtailment of existing programmes. Even if politically such a course were acceptable, it would not greatly influence the balance of payments since reduced payments would commonly be matched by reduced exports.

Private capital

The net outflow of United States private capital has averaged over $3 billion a year in the past three years and in 1958 accounted for 10 per cent of total United States payments abroad, compared with 2 per cent in 1953. The total stock of United States private capital abroad (at book values) grew from $24 billion in 1953 to $37 billion in 1957, the latest year for which figures are available. ~~But these figures appear to understate the actual values considerably since, during those years, the net private capital outflow from the United States amounted to $12.3 billion alone, while undistributed earnings of United States subsidiaries added up to $4.5 billion. Retained branch profits and other capital appreciation, which cannot be estimated, must also have added to the total.~~

Until 1958 direct investment abroad was the largest item in the private capital outflow. It rose from an average of $1 billion in the years 1953–1956 to a peak of $2 billion in 1957 when some abnormally large payments were made to Venezuela for oil concessions. But in 1958 it fell back and in the first nine months of the year was running again at an annual rate of $1 billion. Payments to Venezuela declined and the recession probably began to depress investment in primary industries abroad.

[1] Excluding military grants and aid, amounting to about $2.5 billion annually.

On the other hand, portfolio investment, which has been increasing for some years, rose sharply in 1958, largely as a result of an increase in new foreign issues in the United States in the first half of the year, when interest rates were low and borrowing opportunities were good. The increase was principally in bond offerings by the International Bank and in Canadian issues. In the third quarter, when interest rates rose, the rate of lending abroad through new issues declined again heavily, but flotations of foreign bonds on a considerable scale revived in the last months of the year.

During 1958 there was also some increase in buying of foreign corporate issues, purchases of which appear in the item ' other long-term capital ' in table 19. Purchases of European securities, which had given way to selling during the Suez crisis and the European exchange crises of 1957, revived, whilst investment in Canadian securities continued at a high rate and there were substantial purchases of the stocks of a new South African investment fund. There appears to have been some speculative buying, induced by rumours of an increase in the dollar price of gold. More generally the higher dividend and earnings yield of European stocks attracted interest as American yields fell owing to the rise in prices on Wall Street, and as confidence in European currencies improved. The sums involved were, however, relatively small compared with other items in the capital account.

Foreign capital

Similar factors underlie the decline in the inflow of foreign capital. The closing of the Kuwait gap and the decline in prices on Wall Street after July 1957 were followed by a considerable reduction in foreign purchases of United States corporate securities. Foreign direct investment, a minor component of total foreign capital movements, also declined during 1958, when there was a particularly sharp reduction in the inflow of Canadian capital.

Gold versus dollars

In addition, a number of countries reduced their holdings of short-term dollar assets in the first half of 1958, with the result that an unusually large part of the United States overall deficit was met by gold payments. One reason was that the main area accumulating reserves in this period was western Europe, notably Britain, which has traditionally held a larger proportion of its reserves in gold, and a smaller proportion in dollars, than the primary producing countries which were then losing reserves. ~~Secondly, European countries reduced their holdings of liquid dollar assets by nearly $1 billion in the first half of 1958 but then increased them again by $700 million in the third quarter. The movement appears~~ principally to have reflected the change in the yield on United States short-term government securities, which fell from 3½ per cent in the autumn of 1957 to 1 per cent in mid-1958 and then rose to 2½ per cent during the third quarter.

Conclusion

A variety of special factors have recently influenced the United States balance of payments. Imports have been unexpectedly stable during the recession. Exports, which had in any case been inflated in 1957 by the after-effects of Suez and by other temporary developments were hard hit in 1958 by the recession abroad. The increase in government lending, and the very high rate of direct investment in Venezuela and other areas had raised the capital outflow in 1957 ; it was maintained by a high rate of new foreign issues during the first half of 1958, when interest rates in the United States were very low, and those elsewhere were relatively high. In all these respects the United States—to a far greater degree than was expected—has helped the world to weather the recession.

There is little evidence that United States prices of manufactures have suddenly become too high, least of all in relation to British prices. The evidence does suggest that in recent years both American and British prices have risen compared with those of Germany and Japan, where productivity has expanded faster, and compared with French export prices since they have been reduced by devaluation. The United States may, however, have lost part of the special advantage it enjoyed in earlier post-war years as a result of technical leadership and quicker deliveries.

On capital account, the private outflow of capital may be expected to continue at a fairly high level. United States government policy is directed to encouraging private investment in under-developed countries by means of government guarantees and tax arrangements. But the effect may be slow, and direct investment in primary industries, including oil extraction, may temporarily be damped by the recession on world markets. On the other hand, direct investment in manufacturing facilities in Europe may be stimulated by the formation of the Common Market. Portfolio investment has recently attracted most attention. It seems likely that it will continue to increase, as efforts are made to attract interest in European stocks. However, it has so far been relatively small, and it may always be checked by political scares or by changes in the trend of American and European stock markets and exchange markets.

One view of the prospects for 1959 is given in the last column of Table 20, where a forecast of the United States balance of payments by the United States Foreign Trade Council is reproduced. Little change in the overall balance is foreseen. Exports and imports are both expected to rise by about $1 billion, while the capital flows are assumed—probably for lack of better evidence—to remain constant. That forecast, if right, would imply a continuation of the gold and dollar outflow at a rate of about $3 billion a year.

The United States could withstand such an outflow. Its total gold reserves, which are still equal to about half the non-Soviet world's reserves, now stand at over $20 billion and are greater than its gross short-term foreign liabilities of about $14 billion.[1] Even allowing for the fact that about $12 billion are still required as domestic currency backing, that is far higher than the ratio between Britain's reserves and its liabilities. Indeed the United States international financial position is very strong. By investing abroad it may be losing gold and incurring short-term liabilities, but it is also amassing long-term assets and acquiring a rising flow of continuing income from those assets. Income on private investments has doubled since 1948, and at over $2½ billion in 1958 it was not far short of the net outflow of private capital.

Looking further ahead, a recovery in activity abroad and a renewed expansion of world trade may well strengthen the United States balance of payments, bringing a larger increase in exports, of which the United States is commonly a marginal supplier, than in imports.

The evidence provides little justification for the view that the dollar is weak in relation to sterling. Moreover, if the United States does find it necessary at any time to stem the outflow of reserves she, like any other country, may always adopt restrictive trade policies, take steps to check the capital outflow, or deflate, rather than devalue.

[1] Short-term liabilities to foreign official institutions and banks.

Table 20. United States balance of payments[a]

$ billion, quarterly figures seasonally adjusted

	1953–56 average	1957	1958[a]	1958				1959[b] forecast
				I	II	III	IV	
Merchandise imports	11.4	13.3	12.8	3.1	3.2	3.2	3.3	13.8
Invisible and military payments	6.2	7.4	7.7	1.8	1.9	2.0	2.0	7.7
Private remittances and pensions	0.6	0.7	0.7	0.2	0.2	0.2	0.1	0.7
Total current payments	18.2	21.4	21.2	5.1	5.3	5.4	5.4	22.2
Merchandise exports	14.2	19.3	16.2	4.0	4.0	4.1	4.1	17.1
Invisible and military receipts	5.5	7.2	6.7	1.7	1.7	1.7	1.6	7.0
Total current receipts	19.7	26.5	22.9	5.7	5.7	5.8	5.7	24.1
Balance on current account	+1.5	+5.1	+1.7	+0.6	+0.4	+0.4	+0.3	+1.9
Government capital and aid (*net*)	−2.1	−2.6	−2.6	−0.7	−0.6	−0.7	−0.6	−2.6
United States private capital (*net*)	−1.5	−3.2	−2.7	−0.7	−0.8	−0.6	−0.6	−2.7
Foreign long-term capital	+0.4	+0.3	..	—	—	..	..	..
Outflow of gold and short-term dollar assets (*outflow* +)	+1.3	−0.5	+3.3	+0.6	+1.0	+0.8	+0.9	+2.9
of which gold	+0.3	−0.8	+2.3	+0.4	+1.1	+0.5	+0.3	..
Errors and omissions (*unidentified inflow* +)	+0.4	+0.9	+0.3	+0.2	—	+0.1	—	+0.5

Source : *U.S. Department of Commerce.*

(a) Excluding military aid.
(b) Forecast by the National Foreign Trade Council, New York.

IMPORTS AND EXPANSION

Introduction

Any government in this country which pursues a policy of economic expansion needs to consider how big an increase in imports would result from it. It has been suggested[1] that there has been a recent tendency in Britain for imports to rise faster than national output,[2] and that this tendency justified restrictions on expansion in the recent past and may justify further restrictions in the future.

The present article examines this contention. First, in order to uncover the underlying trends, it eliminates the effects of changes in stock-building and in re-exports (neither of which is a real long-term burden on the balance of payments), and also the effects of particular short-term needs, such as the machine-tool imports for the rearmament programme in 1952 and 1953, and the extra coal and steel imports in 1955 and 1956. Then it tries to separate rises in imports which are directly related to the growth of output and consumption from those which are due to the substitution of imported for home-produced goods. It is only rises of the first kind which might in certain circumstances justify measures which restrict economic expansion; it would be wasteful and ineffective to try by these methods to check rises of the second kind, since they are likely to occur whether the economy is growing or not.

Summary and conclusions

Imports of goods and services, which were greatly reduced during the war, rose after the war more or less in line with national output up to 1954. Then the trend changed; imports rose steeply in 1955 and have since remained above the trend in national output. A small part of the disproportionate rise since 1954 can be explained by imports of services; but most of it is due to a disproportionate rise in imports of goods. In 1958, these imports were £488 million higher than in 1954 (at 1954 prices). Had they risen in line with national output, the rise would have been only £179 million. Of the 'excess' of £309 million, £58 million can be explained by changes in stock-building and in re-exports, leaving £251 million to be explained in other ways.

This article is by Mrs. M. F. W. Hemming and Mr. G. F. Ray, of the National Institute.

[1]See especially K. Lacey, 'Can we afford to expand?' *Bankers' Magazine*, July 1958.

[2]Throughout this article, 'national output' is measured by the gross domestic product at 1954 factor cost.

For *food*, if human food only is taken, and the figures are adjusted to exclude imports for stock-building and re-exports, imports rose about half as fast again as total personal consumption. This excess rise does not mean that people were spending a higher proportion of their income on food; on the contrary, they were spending proportionately less. Food imports rose faster than food consumption, partly because of a shift towards foods with a high import content (for instance, butter and cheese rather than potatoes and fish) and partly because we imported a larger proportion of some foods (for instance, beef, canned foods, and bacon).

With *drink*, as with food, the disproportionate rise in imports is explained by the increased taste for imported types of drink (mainly wine); the proportion of income spent on drink has been falling. For *tobacco*, imports have risen rather less than consumption.

Imports of *industrial materials*, after remaining below the trend in industrial production since before the war, rose more than twice as fast in 1955 and have remained above the production trend since. A small part of this excess is explained by increases in stock-building and re-exports, but the rest is more than explained by excess imports of steel, especially in 1955 and 1956. For other industrial materials, the underlying trend of imports has continued to be below that of industrial output.

Fuel imports, on the other hand, have been rising substantially faster than national output ever since the war. Here again, this is not due to a disproportionate rise in fuel consumption but entirely to a progressive shift from coal to oil. Fuel, however, is exported as well as imported in substantial quantities, and the deterioration of the net balance has been irregular and spasmodic; the decline of coal exports caused a heavy loss during the war, but the expansion of home oil refining helped to prevent any net loss at all between 1947 and 1954. The worsening in 1955 and 1956 was due to the combination of an unprecedented coal deficit with a temporary halt to the expansion of home refining.

Imports of *finished manufactures* have risen faster than any other group since 1954, though it was only in 1956 that they passed the pre-war level in volume. The increase in imports from Europe (which began in 1950) was explained rather by trade liberalization than by the rise in national output here; and up to 1954 Britain's exports of finished manufactures to Europe rose more than imports from Europe. Only since 1954 have the trends been reversed; and the change has come about, not because the British

economy was expanding faster but presumably because it was becoming less competitive[1].

The analysis suggests that—with the exception of emergency coal and steel imports in 1955 and 1956—very little of the excess rise in imports since 1954 was directly linked to economic expansion. It appears to be almost entirely the result of a substitution of imported for home-produced goods which has been going on more or less independently of the rate at which national output has risen ; some of this may have been once-and-for-all, but on balance it appears likely that the process of substitution will continue for some time.

With the important proviso, therefore, that coal and steel supplies are adequate, there seems no reason to fear that a rise in national output will by itself lead to any disproportionate rise in imports ; indeed in 1956 to 1958 the disproportionate rise in imports was rather the result of the failure of national output to grow while substitution of imported for home-produced goods continued. The rise in import content of food consumption since 1954 cost, at 1954 prices, an additional £66 million in 1958, of fuel consumption an additional £90 million, of machinery £23 million and of clothing £18 million : altogether an average rate of substitution in each year of this period of something of the order of £40–£50 million. Apart from steel, the import content of industrial output has, on the other hand, been falling.

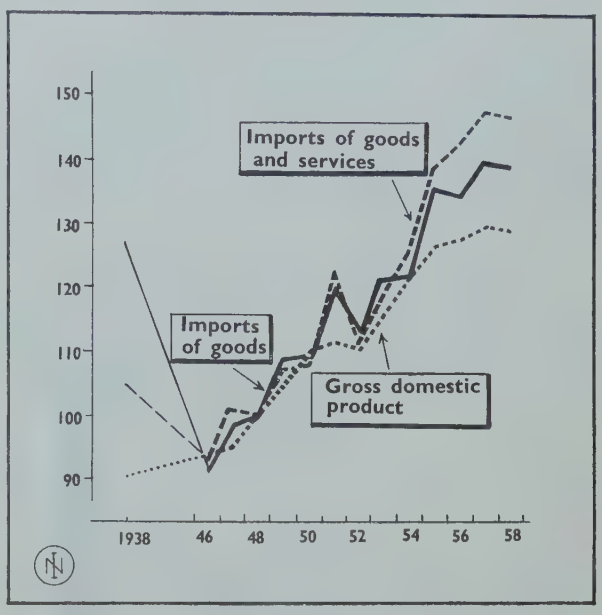
It is not possible to escape from the tendency for imports to grow disproportionately by checking the growth of national output ; in our judgement the disproportion may well be less if national output expands than if it fails to rise. The need is for an adequate growth of exports within the overall expansion. The key lies in the competitiveness of British industry ; an increase in competitiveness is needed to limit the growth of imports as well as to enable us to pay for them. The only alternative would be to check the process of substitution by import controls.

Imports and output

During the war, the British economy's physical dependence on imports was sharply reduced, partly by structural changes—especially the expansion of home agriculture—and partly by the exclusion of inessential imports. From the end of the war up to 1954, apart from the Korean boom, import volume moved roughly in line with home output. Then in 1954 the trend changed, and import volume began to rise faster (Chart 7). In 1955, this produced a current balance of payments deficit, and from the end of 1955 for the next two years a succession of deflationary measures followed. The rate of growth of imports was slowed down, but the 1946–1954 relationship between import volume and home output has not been re-established. It is this divergence between the growth of imports and of home output since 1954 which has given rise to concern, and which this article attempts to analyse.

Chart 7. Output and Imports

Index numbers, 1948 = 100



Sources : *Appendix tables* 1 *and* 2. 1938 : NIESR estimates.

A small part of the divergence, as the chart shows, can be explained by the disproportionate rise in imports of services, mainly shipping.[2] But there still remains a substantial gap between the rise in imports of goods and the rise in home output from 1954 to 1958 : the first rose 14 per cent, the second 5 per cent.

The pattern of final demand

Disproportionate rises in import volume could be brought about by changes in the pattern of final demand, for there are substantial differences in the import content of different categories of expenditure : in 1954, consumers' expenditure had an import content of 20 per cent, public authorities' expenditure 9 per

[1]This article does not examine the factors underlying the rising import share in the British market for manufactures ; it is hoped to do this in a later article.

[2]Shipping expenditure (excluding oil tankers) rose from £178 million in 1948 to £430 million in 1957 (£253 million in 1954), but it is not easy to express the change in volume terms because of the lack of an appropriate price index. An estimate obtained as a residual after deflating tourist and government expenditure abroad suggests that the volume of shipping imports may have approximately doubled since 1948, and this is not inconsistent with the fact that the tonnage of foreign ships entering British ports was more than twice as great in 1957 as in 1948.

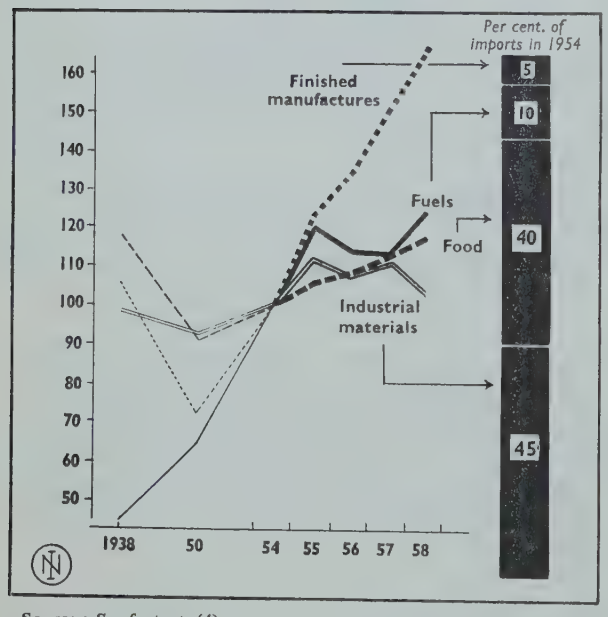
cent, home fixed investment 13 per cent, and exports 18 per cent.[1] In fact, the demand pattern explains very little of the excess rise. Compared with a total rise in imports of goods and services of 14.9 per cent from 1954 to 1957, total final demand rose 7.1 per cent.[2] Of the difference between the two figures, the change in the broad pattern of demand explains only about 5 per cent.[3] The rest of the difference must be explained by the rising import content within some or all of the main categories of demand.

Trends in main categories of imports

Chart 8 sets out the increase in import volume, separately, for four main classes of imports—food, industrial materials, fuel, and finished manufactures.[4] In 1950 imports in all classes except fuel were lower than pre-war ; finished manufactures had fallen most and industrial materials least. Fuel imports show a strongly rising trend up to 1955. Between 1950 and 1954 imports of all classes rose, with fuel imports still taking the lead. Since 1954, finished manufactures have risen most ; fuel imports rose in 1955 and then again in 1958 ; industrial materials, after a strong increase in 1955, have not risen since ; food imports have continued steadily upwards.

Chart 8. Import trends by main classes

Index numbers, 1954 = 100



Source : *See footnote* (4).
Food includes drink and tobacco.

Imports of food, drink and tobacco

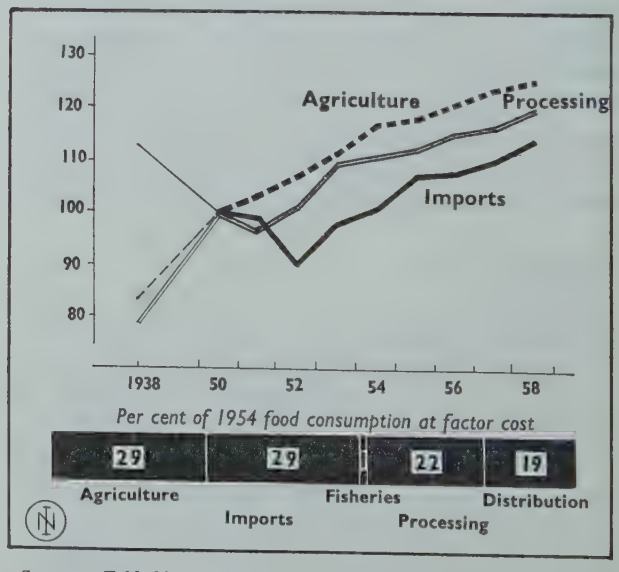
(*a*) *Human food*[5]

It is not the rise in food consumption as a whole which explains the ' excess ' rise in food imports since 1954 ; for total food consumption (as table 21 shows) has not risen as fast as total personal consumption since 1950 ; and since 1953, people have been devoting a smaller and smaller proportion of the increase in their incomes to food. In spite of this, the volume of imports for human food—after adjustment for stock changes and re-exports—has risen substantially faster, since 1954, than either total food consumption or personal consumption as a whole.

There has therefore been a rise in the import content of food consumption. Chart 9 shows the changes from 1938 to 1950, and from 1950 onwards, in the volume of food imports, the output of home agriculture, and the output of home processing ; it also shows the contribution in 1954 of these sources,

Chart 9. Components of food consumption

Index numbers, 1950 = 100



Sources : *Table* 21, *page* 29 ; *Annual Abstract of Statistics* ; *Output and Utilization of Farm Produce in the United Kingdom* 1946–47 *to* 1955–56, HMSO ; and NIESR estimates.

[1] *National Income Blue Book*, 1958, table 23.

[2] Both imports of goods and services and total final demand are calculated here excluding changes in stocks.

[3] Assuming import contents stayed as in 1954 in each category of final demand and that each category increased in the way it in fact did, total imports would have risen by 7.5 per cent. But if each category of demand had risen equally, imports, like total demand, would have risen 7.1 per cent. The difference between these two increases, 0.4 per cent, measures the effect of the change in demand pattern.

[4] Food is Class A in the Trade Accounts ; industrial materials, Class B and Class D/1–13 ; fuel, Class C ; and finished manufactures, Class D/14–23. Throughout this paper import volume figures for 1950 and later years are based on the Board of Trade revaluations of imports at 1954 c.i.f. prices. Figures for earlier years are based on our own revaluations, after making allowance for the reclassification of imports introduced in 1954.

[5] This also includes the import content of food exports. Imported inputs of home agriculture, and drink and tobacco, are considered separately.

Table 21. Trends in food imports and consumption at 1954 prices

Index numbers, 1954 = 100

	1938	1950	1951	1952	1953	1954	1955	1956	1957	1958
Imports										
Class A imports	117.8	92.0	101.1	90.5	101.8	100.0	107.0	108.8	113.4	119.0
Retained imports for human food adjusted for stocks[a]	112.0	99.1	98.5	89.9	96.8	100.0	106.1	106.8	109.4	113.1
Consumption										
Personal income	85.7	91.2	91.0	92.9	96.3	100.0	105.3	108.5	111.6	114.5
Total consumption[b] ..	90.2	93.6	92.3	91.7	95.5	100.0	103.3	104.3	106.3	108.4
Food consumption[b] ..	85.1	96.0	94.1	93.2	96.5	100.0	102.2	104.3	105.8	107.6
Food consumption plus food exports[c]	85.3	96.0	94.1	93.0	96.3	100.0	102.3	104.5	106.2	107.6
Percentage of personal income spent on food										
at current prices	25.3	24.8	24.9	25.3	25.8	26.3	26.2	25.8	25.4	24.7
at 1954 prices	26.1	27.7	27.2	26.4	26.3	26.3	25.5	25.3	24.9	24.7
Percentage of annual increments of income devoted to increased food consumption										
at current prices		57.0	25.1	30.3	35.9	33.9	25.3	21.0	17.3	13.6
at 1954 prices		75.0	—[d]	—[d]	25.9	24.5	11.2	16.6	12.8	16.4

Sources : *National Income Blue Book*, 1958, *Board of Trade Journal*. Total personal income has been deflated by the price index of consumers' expenditure.
(a) Excluding agricultural inputs, and including food items from Class B. Imports for re-export and stock-building are omitted—except that no stock adjustment is made for 1938. The adjustments for stock changes are described in 'Imports and Stocks', *National Institute Economic Review*, January 1959.
(b) Consumption is measured here by expenditure at constant (1954) prices.
(c) The f.o.b. value of food exports amounted to 3 per cent of the total value of food consumption plus exports in 1954.
(d) In these years food consumption fell.

as well as distribution, to the total value of food consumed. The contributions from home sources rose from 1938 to 1950 while food imports fell sharply ; since 1952 it has been the other way round—imports have risen more than the contributions from home sources.

The import content of food consumption may rise for one of two reasons—either because people switch their purchases away from commodities which are mainly home-produced to commodities which are mainly imported ; or because, out of the total supply of any particular commodity, a larger proportion is imported and a smaller proportion home-produced. The table below attempts to measure the importance of these two factors. It shows for each year how the change in food imports can be divided, approximately, between (a) the effect of changes in total food consumption, (b) the effect of changes in the pattern of consumption—with people eating, for example, more sugar but fewer potatoes, (c) the effect of changes in the imported proportion within any of the nine groups—if, for instance, a larger proportion of beef is imported.

Between 1938 and 1950 the change in pattern had an insignificant effect on imports, but there was a very large fall in import content ; this was mainly due to an increase in home agriculture, but also to an increase in home processing and distribution. The reduction in import content far outweighed the effect of the substantial rise in food consumption ; the

Table 22. Analysis of year-to-year changes in food imports

	Actual food imports (*a*)	Change from previous year	*Effect of changes in* total food consumption (*b*)	*Effect of changes in* pattern of consumption (*c*)	*Effect of changes in* import content of individual foods (*d*)	Ratio of food imports to food expenditure (*e*)
	£ million, 1954 prices					*Per cent*
1938	1331					40
1950	1177	−154[f]	+167	+ 4	−325	31.4
1951	1170	− 7	− 23	−14	+ 30	31.9
1952	1068	−102	− 14	− 3	− 85	29.4
1953	1150	+ 82	+ 38	+ 7	+ 37	30.6
1954	1188	+ 38	+ 44	+12	− 18	30.4
1955	1260	+ 72	+ 27	+ 3	+ 42	31.6
1956	1269	+ 9	+ 27	+13	− 31	31.1
1957	1299	+ 30	+ 21	− 1	+ 10	31.3
1958	1344	+ 45	+ 16	− 3	+ 32	32.0

Source : *Table* 21, *page* 29.

(a) Retained imports, adjusted (except in 1938) for stock changes.
(b) Includes exports of United Kingdom produce. This column shows how much food imports would have changed if, first, the import content of food consumption had stayed the same throughout and, secondly, if there had been no change in the pattern of consumption.
(c) This column is calculated by the method described in footnote (3), page 28, making use of the following estimates of 1954 import content of different categories of food consumption. The appropriate divisions of imports as recorded (c.i.f.) were adjusted for re-exports and stock changes and expressed as a percentage of consumers' expenditure at market prices (including the value of processing and distribution) and of exports (f.o.b.) with these results :

Bread and cereals	24	Sugar and confectionery	30
Meat and bacon	30	Dairy produce (excl. butter)	10
Fish	21	Oils and fats (incl. butter)	73
Fruit, potatoes and vegetables	31	Beverages	71
Other food	9	Exports	44
Total	30.4		

(d) Residual change not accounted for in previous two columns.
(e) Actual food imports as a percentage of food consumption plus exports.
(f) Change from 1938 to 1950.

import ratio fell by nearly one quarter. Both food imports and the import ratio reached a minimum in 1952, a year in which all three factors—total consumption, its pattern and its import content—combined to depress food imports. Since 1952 consumption and imports have risen each year. However, of the total rise in imports of £276 million between 1952 and 1958, only £173 million can be attributed to rising consumption ; £31 million resulted from shifts in the pattern of consumption which led to higher imports ; and £72 million resulted from a higher import content within individual food groups. The cumulative effect of these different factors is shown in chart 10.

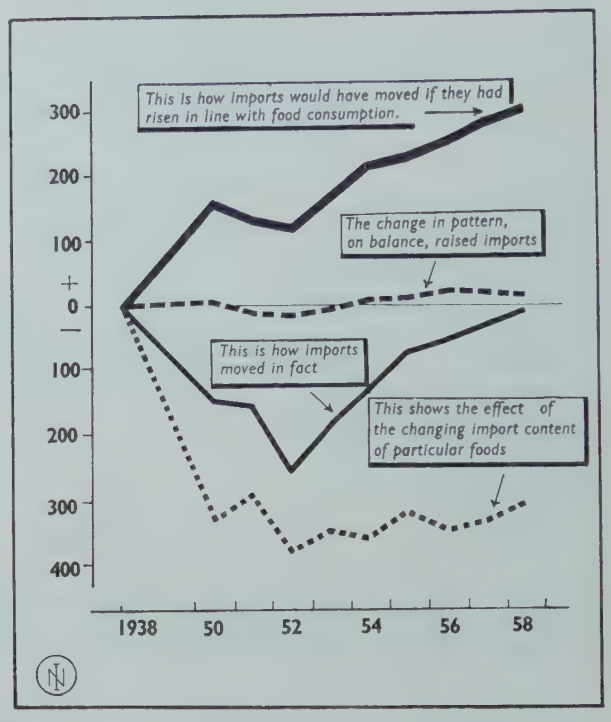
Chart 11 illustrates these trends from figures of total consumption and of the share of imports for sixteen major foods. Consumption of each of the eight items in the upper half of the diagram has increased more than average since 1954, those in the lower half less than average. The fact that consumption of butter, cheese and wheat, foods with high import contents, rose more than average while consumption of eggs, fish and potatoes, foods with particularly low import contents, rose very little or even fell, was one of the elements in the recent rise in the import content of food. There were some examples which worked in the opposite direction—the relatively large rise in the consumption of poultry and pork and the fall, or relatively small increase, in the consumption of tea, mutton, bacon and fruit ; but these were on balance less important.

The unfavourable change in pattern has been reinforced in the last four years by a rising import share in supplies of a number of foods—beef, canned foods, wheat, sugar, bacon, fish and potatoes. The import share fell only for poultry, cheese, eggs, and pork.

As compared with pre-war, Britain is now more self-sufficient for most foods, including some (for instance, pork, mutton and poultry) in which her self-sufficiency was reduced for a time by the war-time fall in the numbers of livestock.

Chart 10. Analysis of cumulative changes in food imports

£ million, 1954 prices



Source : *Table 22, page 29.*

(b) Imported materials for agriculture

In considering the import content of human food, the gross output of home agriculture (and also food processing) was treated as home produced. In fact, agriculture uses substantial quantities of imported materials ; these, however, are not easy to identify, since some items (especially cereals) are used partly for human, and only partly for animal, food ; some, too, are used, in part, as raw materials for industry. Table 23 gives a rough estimate of the import content of agricultural output.

Table 23. Import content of agricultural output

£ million, 1954 prices

	1938	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
Imported inputs into agriculture[a] ..	227	167	163	147	166	153	187	186	205	200	199	219
Gross output of agriculture	895	975	1046	1076	1113	1151	1207	1260	1278	1309	1343	1360
Import share (per cent)[b]	*25.3*	*17.2*	*15.6*	*13.7*	*14.9*	*13.3*	*15.5*	*15.5*	*16.0*	*15.3*	*14.8*	*16.1*

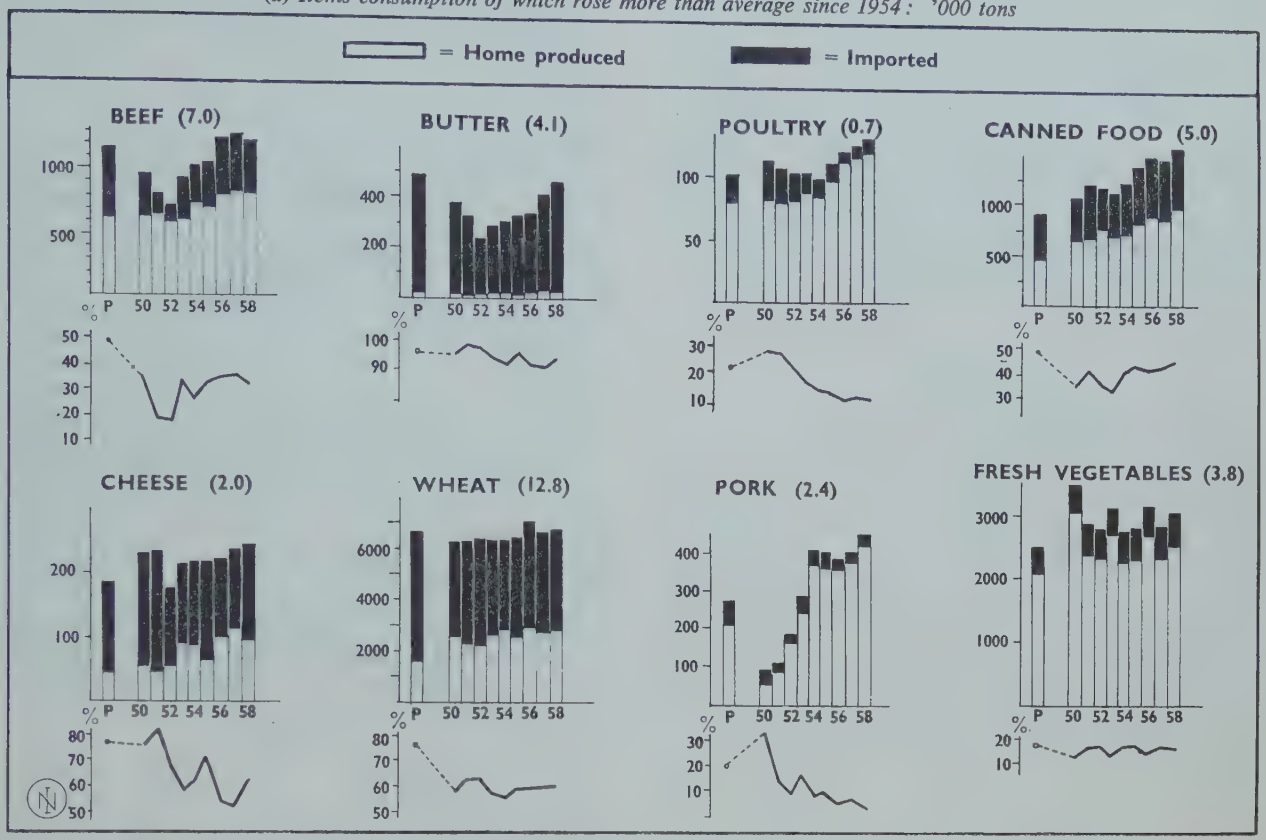
Sources : *Trade Accounts, Annual Abstract of Statistics, Ministry of Fuel and Power Digest, Output and Utilization of Farm Produce in the United Kingdom* 1946–47 *to* 1955–56, HMSO, and NIESR estimates.

(a) The imported inputs are : animal feeding-stuffs, (maize, barley, wheat, imported oilseeds, and molasses used as animal food), seeds for sowing, animals not for food, crude and manufactured fertilizers, agricultural machinery and tractors, fuel used in agriculture.

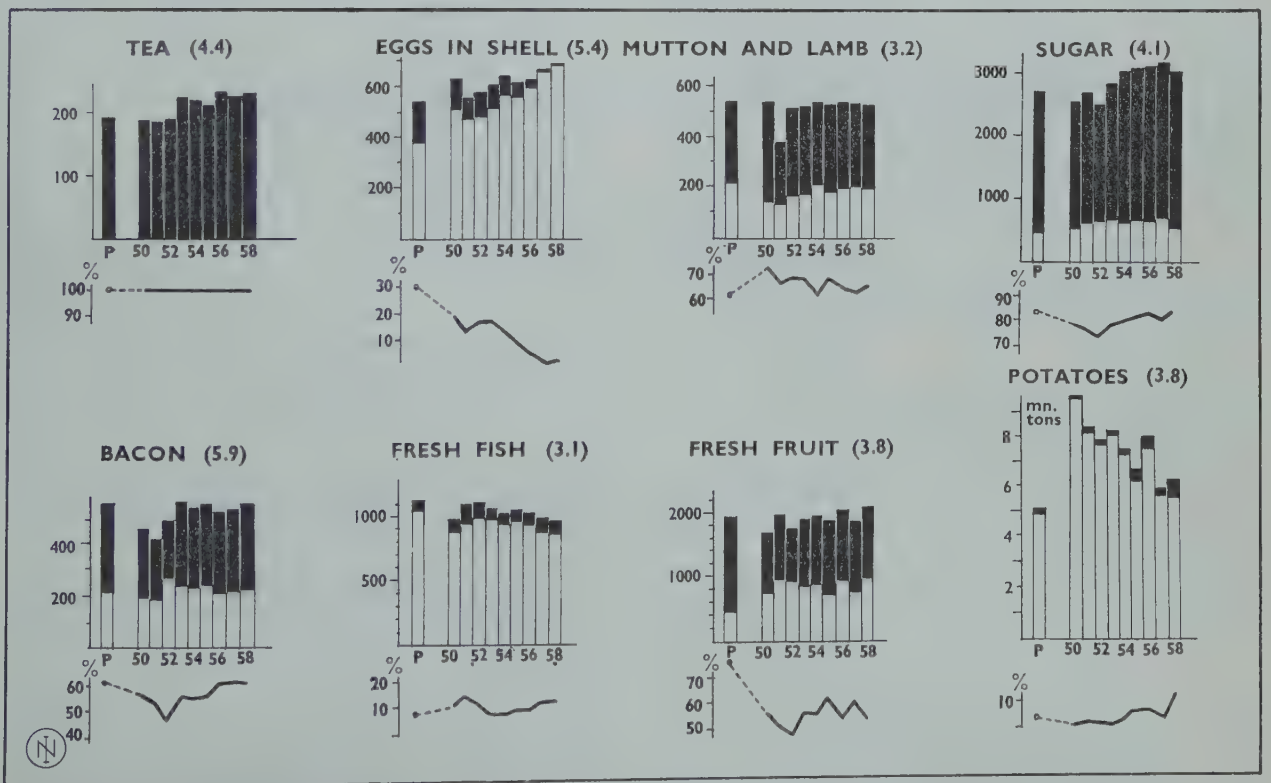
(b) *The National Income Blue Book* 1958 (Table 20) gives 12 and 14 per cent as the import content of Agriculture, Forestry and Fisheries in 1950 and 1954. These are somewhat below the percentages (13.7 and 15.5 per cent in 1950 and 1954) shown in the table, because certain imports used by agriculture after processing (e.g. oilseeds after crushing, raw fertilizers after treating, crude oil after refining) are classed in the *National Income Blue Book* table as imports of the processing industries.

Chart 11. Selected foods : consumption trends and the share of imports

(a) Items consumption of which rose more than average since 1954 : '000 tons



(b) Items consumption of which rose less than average since 1954 : '000 tons



Sources : *Annual Abstract of Statistics, Monthly Digest of Statistics, National Food Survey, Trade and Navigation Accounts.*
The figures in brackets indicate the importance of the item ; they give expenditure on each item as a percentage of total weekly expenditure on food, 1955–1956. Imports are adjusted for stock changes, wherever possible. P = pre-war (1935–1938 average).

The import content has been consistently lower than it was pre-war, in spite of the substantial rise in gross output. In the early years after the war this could be explained by the smaller number of livestock (which consume imports), combined with the rise in arable production (which replaces imports). The livestock population has, however, recovered to surpass pre-war figures, and in recent years imports of feeding stuffs have increased faster than agricultural output ; but this has been balanced by the fact that other imports—especially fertilizers and fuel—have increased much less.

(*c*) *Alcoholic drinks and tobacco*

Imports of alcoholic drinks amounted to only £20 million in 1954, but the trend is rising strongly. The percentage of income devoted to drink is considerably below pre-war and is falling ; it is the import share that has risen sharply in recent years, mainly because more wine is being drunk. Though a small item, imports of drink have increased by £6 million (1954 prices) since 1954.

Tobacco imports are more important absolutely (£71 million in 1954) but less dynamic than imports of drink. Consumption (which is substantially above pre-war) has been rising by some 2 per cent a year, and imports a little less—possibly because of the increasing popularity of filter tips.

Imports of industrial materials

In many ways the movement of imports of industrial materials in relation to industrial production was similar to that of food imports in relation to food consumption. There was a big fall in import content from 1938 to 1948 : between those years industrial production rose 13 per cent while imports of industrial materials fell 12 per cent. The fall in import content—apart from a sharp rise in the Korean boom—went on until 1954. Then the trend appears to have changed ; in 1955, imports of industrial materials rose more than twice as fast as industrial production, and remained well above it in the next two years. However, as the second part of table 24 shows, if the import figures are adjusted for re-exports and stock changes, they are brought back on to the production trend by 1957. This still leaves a substantial divergence in 1955 and 1956 when the import content of industrial production appears to have risen sharply.

Table 24. Imports of industrial materials and production of industry and trade

Index numbers, 1954 = 100

	1938	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
Imports of industrial materials[a]												
Basic materials	99.6	83.1	92.0	96.8	101.8	90.0	101.0	100.0	105.6	102.1	106.3	93.8
Semi-manufactures	98.5	74.4	77.6	86.0	110.9	97.4	85.7	100.0	125.6	120.6	122.0	119.5
Total	98.6	79.7	86.7	93.3	104.9	92.6	96.1	100.0	112.3	108.5	111.8	102.6
Retained imports of industrial materials adjusted for stock change[b]												
Basic materials	89.4	81.9	89.5	99.1	99.2	82.6	97.4	100.0	102.4	100.9	102.3	91.0
Semi-manufactures	89.6	73.6	74.9	91.6	109.7	89.6	83.9	100.0	125.9	124.0	118.1	117.9
Total	89.4	79.1	84.6	96.5	102.5	84.8	92.8	100.0	110.0	108.4	107.3	99.7
Production of industry and trade[c]												
Total	71.1	79.9	84.6	89.2	91.3	89.7	94.4	100.0	104.5	105.0	106.7	106.5
Industrial production	68.4	77.2	82.0	87.5	90.6	88.0	93.3	100.0	105.1	105.5	107.4	106.0
Textiles, leather and clothing	93.9	86.5	93.6	101.1	99.9	85.0	98.0	100.0	99.3	98.5	98.4	90.0
Metals, metal-using	48.5	73.1	77.5	83.8	89.5	89.3	91.2	100.0	109.7	108.2	111.5	110.0

Sources : *National Income Blue Book*, *Board of Trade Journal*, ' Production and Productivity movements in the U.K. since 1900 ', K. S. Lomax, read before the Royal Statistical Society, January 21st, 1959.

(a) Basic materials are Class B in the Trade Accounts, and semi-manufactures, Class D/1–13.

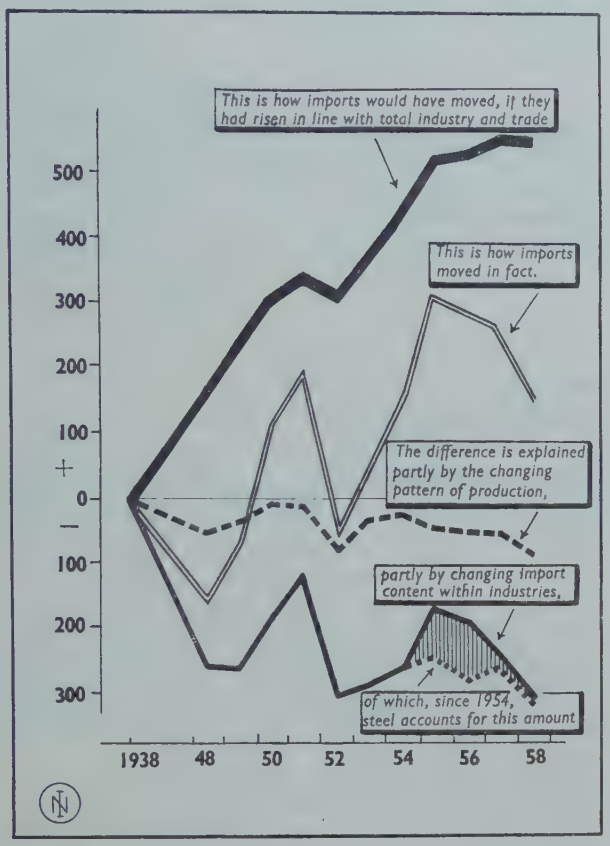
(b) See ' Imports and Stocks ', *National Institute Economic Review*, January 1959, for stock adjustments since 1950. Adjustments for 1948 and 1949 are based on revaluations at 1954 prices of estimates by M. FG. Scott, ' Changes in stocks of mainly imported goods in the United Kingdom ', *Bulletin of the Oxford Institute of Statistics*, vol. 20, no. 1, February 1958. The 1938 figures are adjusted for re-exports only, not for stock changes.

(c) Includes index of production industries, transport, distribution and finance.

With industrial materials, in much the same way as with food, the import content of industrial production can rise either because there is a change in the pattern of production, involving a switch to industries which consume more imports, or because, within industries, there has been some change from home-produced to imported materials. Table 25 separates the effect of these two factors in explaining year-to-year changes, and chart 12 shows their cumulative effect since 1938.

Chart 12. Analysis of cumulative changes in imports of industrial materials

£ million, 1954 prices



Source : *Table* 25, *page* 33.

The fall in the import content of industrial output from pre-war to 1948 was partly due to an import-saving change in the pattern of output (mainly the rise in engineering output relative to textiles), but to a very much greater extent to a reduction in the import content within industries. Something like £60 million of this was in the consumption of imported textile materials, mainly as a result of the rise in output of man-made fibres. Another substantial saving was in imports of metals : iron and steel imports (some £62 million pre-war) were £29 million less in 1948, and non-ferrous metals (some £165 million pre-war) were £27 million less (all measured in 1954 prices) ; meanwhile production in the metal-using industries was up by more than 50 per cent. Increased home steel production, and possibly an increase in the degree of fabrication of metal goods, must have been the main factors here. A third major import economy was in timber, of which imports were some 35 per cent down, compared with a reduction of only 13 per cent in building and 25 per cent in wood manufacturing : the

Table 25. Analysis of year-to-year changes in imports of industrial materials

£ million, 1954 prices

	Actual imports of industrial materials (*a*)	Change from previous year	*Effect of changes in*		
			total output of industry and trade (*b*)	pattern of production (*c*)	import content of individual industries (*d*)
1938	1333				
1948	1180	−153(*e*)	+165	−52	−266
1949	1262	+ 82	+ 70	+14	− 2
1950	1440	+178	+ 68	+26	+ 84
1951	1528	+ 88	+ 35	− 2	+ 55
1952	1265	−263	− 28	−63	−172
1953	1384	+119	+ 66	+38	+ 15
1954	1491	+107	+ 82	+ 6	+ 19
1955	1640	+149	+ 67	−10	+ 92
1956	1616	− 24	+ 8	− 9	− 23
1957	1600	− 16	+ 25	+ 2	− 43
1958	1487	−113	− 3	−41	− 69

Source : *Table* 24, *page* 32.

(a) Retained imports adjusted for stock changes.

(b) This column shows how much imports of industrial materials would have changed if, first, the import content of industrial production had stayed the same throughout and if, secondly, there had been no change in the pattern of production.

(c) This column is calculated by the methods described in footnote (3), on page 28, using estimates of the 1954 import contents of different industries based on Table 18, *National Income Blue Book* 1958. The Blue Book figures have been adjusted to exclude Classes A and C (food and fuel) components from each sector, giving the following figures of imports of Classes B and D (together with services) as percentages of total inputs of industries in 1954 :

Mining and quarrying ..	1.0	Food, drink and tobacco ..	2.2
Chemicals and allied trades	6.5	Other manufacturing ..	13.6
Metals, engineering and vehicles	7.2	Building and construction ..	2.9
Textiles, leather and clothing	25.8	Other production and trade	3.6
		Total industry and trade	6.6

(d) Residual change not accounted for in previous two columns.

(e) Change from 1938 to 1948.

reduction in timber usage in these industries must have saved some £30 million of imports. A further important saving came from the expansion of the home chemicals industry : production here rose by 65 per cent between 1938 and 1948 while imports of chemicals (about £75 million pre-war at 1954 prices) were somewhat lower. There was also a fall of nearly £30 million in consumption of pulp imports, although paper and printing output was 4 per cent higher.

The effect of the change in pattern of production on the import content of output since the war has largely been a reflection of the fluctuating fortunes of the textile industry. The pattern became gradually more import-consuming as the textile industry expanded in

Table 26. ' Excess ' steel imports 1938, 1948–56

Thousand tons, ingot equivalent

	1938	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
Actual steel imports	975	502	1092	556	524	1774	1114	466	1858	1771	952	619
Steel imports at constant 1954 import ratio	268	379	404	417	416	442	449	466	516	539	549	468
*' Excess ' steel imports (£mn., valued at 1954 c.i.f. prices)	*43*	*7*	*42*	*84*	*7*	*81*	*40*	—	*81*	*75*	*24*	*10*

Sources: *Annual Abstract of Statistics, Monthly Digest of Statistics, Trade and Navigation Accounts.*

1949 and 1950, heavily import-saving during the textile recession in 1952, more import-consuming again during the recovery of the next two years, and import-saving again after 1954 and particularly in 1958, when textiles were stationary or declining and engineering relatively expanding.

The import content within sectors has shown two major fluctuations since the war. The first in 1950–52 was probably in fact a concealed stock-cycle. The import series has been adjusted for recorded or identifiable stock changes, but in many cases the estimates were based on ' deliveries to consumers ' rather than actual consumption, and the apparent sharp rise and fall in import content between 1950 and 1952 probably resulted from a rise and fall in consumers' stocks of industrial materials.

The 1955–1956 peak in import content had quite a different explanation. This was entirely due to the abnormal steel imports in those years.

Role of steel imports

Unlike most industrial materials, home production of steel is normally responsible for well over 90 per cent of total supplies : small changes in the percentage derived from home output can cause large variations in imports. Table 26 above compares the actual course of steel imports (ingot equivalent) with what imports would have been if home production had always maintained the 1954 relation to demand—that is, if it had contributed the same proportion to total supplies as in 1954. ' Excess ' imports of around £80 million (at 1954 prices) occurred in 1952, 1955 and 1956 and ' excesses ' of around £40 million in 1949 and 1953.

The figures of £81 million, £75 million and £24 million for the cost of ' excess ' steel imports in 1955, 1956 and 1957 may be compared with £92 million, £69 million and £25 million, the cumulative effect since 1954 of the change in import content within industries derived from the last column of table 25. Since 1954, therefore, apart from steel, there has been no increase in the import content of industrial output (as chart 12 shows), and indeed in 1958 there was a marked fall, probably largely explained by consumer de-stocking as in 1952.

Imports of fuel

Fuel imports have been an increasingly heavy burden in recent years ; the reasons are complex. Total primary fuel consumption (measured in coal equivalent) has risen no faster than national output since the war, and indeed from 1954 to 1958 it has hardly risen at all. But the share of oil in the total rose from under 7 per cent in 1938 to 19 per cent in 1958—and this accounts for most of the rise in fuel imports (though coal imports were substantial in 1955 and 1956). Fuel imports more than doubled between 1947 and 1954, and have continued to rise substantially faster than national output since then.

The rise in imports, however, does not satisfactorily measure the increase in the burden on the balance of payments, for two reasons. In the first place, there have been big changes in fuel exports. From 1938 to 1947 the fall in exports was far more serious than the rise in imports. Then from 1947 to 1954 fuel exports rose, offsetting a substantial part of the import rise. From 1954 onwards, exports fell again, adding substantially to the burden of the import rise. For a proper assessment, changes in fuel imports need to be calculated net of changes in exports.

In the second place, a given rise in net fuel imports may not mean an equivalent debit in the balance of payments ; since British companies have a substantial stake in world oil operations, additional oil imports into Britain may earn additional profits which will accrue to the balance of payments invisible account and will offset part of the extra import cost. No attempt is made here to allow for this invisible offset.

Table 27. Trends in fuel consumption, imports and exports

	Unit	1938	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
Indices of consumption (coal equivalent)														
Total fuel consumption	*1954 = 100*	77	83	86	87	91	94	94	96	100	102	103	100	101
Coal	,,	82	86	90	91	94	97	96	97	100	101	100	97	93
Oil	,,	41	59	61	64	72	80	83	90	100	111	121	119	150
Share of oil	*per cent*	*6.8*	*9.1*	*9.1*	*9.5*	*10.1*	*10.7*	*11.3*	*12.0*	*12.8*	*14.0*	*14.4*	*15.0*	*19.0*
National output	*1954 = 100*	77	78	82	85	89	91	91	95	100	104	104	106	105
Imports c.i.f.														
Coal and coke	*£mn. 1954 prices*	—	4	—	—	—	7	2	3	17	65	31	16	4
Oil and oil products	,,	152	161	199	203	214	274	272	292	312	334	348	358	403
Index	*1954 = 100*	*49*	*52*	*64*	*65*	*69*	*88*	*87*	*94*	*100*	*107*	*112*	*115*	*129*
Total fuel	*£mn. 1954 prices*	152	165	199	203	214	281	274	295	329	399	379	374	407
Index	*1954 = 100*	*46*	*48*	*61*	*62*	*65*	*86*	*83*	*90*	*100*	*121*	*115*	*114*	*124*
Exports and re-exports f.o.b.														
Coal (incl. foreign bunkers)	*£mn. 1954 prices*	200	5	65	80	77	49	65	70	68	62	49	42	26
Oil products	,,	9	12	10	9	14	38	44	56	80	73	90	76	101
Total fuel	,,	209	17	75	89	91	87	109	126	148	135	139	118	127
Index	*1954 = 100*	*141*	*11*	*51*	*60*	*61*	*59*	*74*	*85*	*100*	*91*	*94*	*80*	*86*
Stock change[a]														
Oil and oil products	*£mn. 1954 prices*	..	−23	24	16	3	29	20	14	11	19	−2	32	−5
Net imports adjusted for changes in stocks[b]														
Oil and oil products	*£mn. 1954 prices*	143	172	165	178	197	207	208	222	221	242	259	250	307
Index	*1954 = 100*	*65*	*78*	*75*	*81*	*89*	*94*	*94*	*100*	*100*	*109*	*117*	*113*	*139*
Total fuel	*£mn. 1954 prices*	−56	152	100	98	120	158	143	152	153	180	208	208	285
Index	*1954 = 100*	*−36*	*99*	*65*	*64*	*78*	*103*	*93*	*99*	*100*	*117*	*136*	*136*	*185*

Sources: *Ministry of Fuel and Power Digest, Board of Trade Journal, Trade and Navigation Accounts.*
(a) See 'Imports and Stocks', *National Institute Economic Review*, January 1959.
(b) Imports less exports and re-exports.

Coal

Coal imports have played a role in fuel imports similar to that played by steel in imports of industrial materials. Imports are almost wholly marginal, resulting from the failure of output to keep pace with the total of home demand, and some minimum level of exports determined by political or commercial bargaining considerations. The fall of some 30 million tons in output between 1938 and 1947 combined with a 6 million ton rise in consumption was reflected almost entirely in a fall in exports. Exports continued to bear the main brunt of divergences between the rate of growth of home demand and output until 1954 when a particularly large rise in consumption bumped against a rigidly limited supply. The record coal imports in 1955 were accentuated by the growing shortage of large coal, resulting from mechanization. In 1957 as a result of an exceptionally warm winter, a generally static economy and a continued switch to oil, inland coal consumption fell by 5 million tons, followed by a much greater fall in 1958. Despite the simultaneous decline in export markets and disconcerting accumulation of pithead stocks, imports fell only slowly, partly because of long-term contracts but mainly because of the continued shortage of large coal. The re-appearance of surplus capacity in the

Table 28. Coal production, consumption, exports and imports

Million tons

	1938	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
Output (deep-mined plus open-cast)	227	197	209	215	216	222	225	223	224	222	222	224	216
U.K. consumption	178	184	194	195	202	208	206	208	214	215	218	213	203
Exports (incl. bunkers)	46	6	16	19	17	12	15	17	16	14	10	8	5
Stock change	+3	+8	−1	+1	−3	+3	+4	−1	−3	+4	—	+6	+10
Imports	—	1	—	—	—	1	—	1	3	11	5	3	1

Sources: *Annual Abstract of Statistics, Monthly Digest of Statistics.*

Table 29. Growth of oil consumption, gross and net imports 1947-57

	Measured in	1947 to 1950	1950 to 1954	1954 to 1958
Per cent increase in				
National output	*£mn. 1954 prices*	14	12	5
Oil consumption	*coal equivalent*	22	39	50
Oil imports	*£mn. 1954 prices*	32	45	29
Oil net imports adjusted for stocks	*£mn. 1954 prices*	14	12	39

Source : *Table 27, page 35.*

coal industry is no doubt in part a result of the recent decline in industrial production, but a comparison of experience in 1952 with that in 1957–58 suggests that the accelerated switch to oil has altered the fundamental trend in coal demand. It seems unlikely, though not impossible, that a renewed spurt of economic activity would give rise to some revival of coal imports. Supply elasticity has increased somewhat as a result of the decline in weekly hours worked (including abolition of Saturday working). On the other hand the export cushion has practically disappeared and supplies of certain grades and sizes are still relatively short.

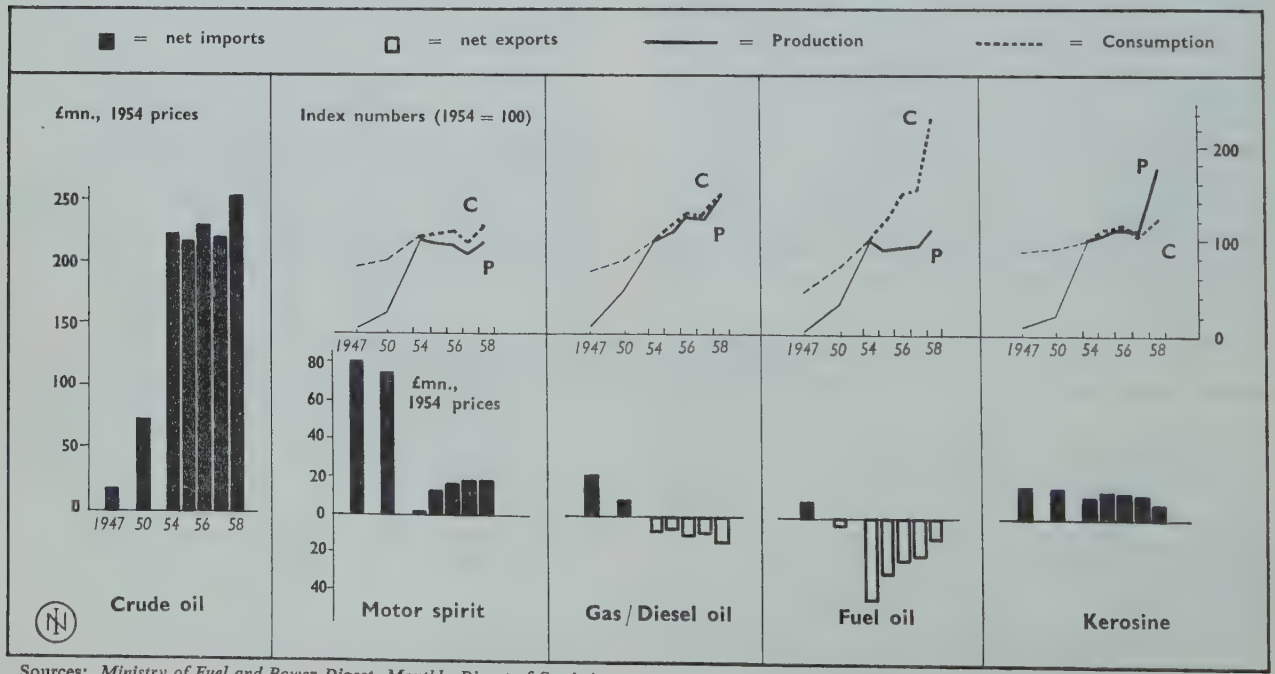
Oil

Table 29 showed that oil consumption and oil imports have been rising much faster than national output throughout the post-war period ; this has not always been true, however, of imports adjusted for exports and for stock changes.

From 1947 to 1950, compared with national output, oil consumption rose 50 per cent faster and oil imports rose twice as fast ; from 1950 to 1954, oil consumption rose three times and oil imports four times as fast. But in both periods net oil imports, adjusted for stock changes, rose exactly in line with national output. After 1954 the relationship became much less favourable. Consumption rose ten times as fast as national output, but the net import cost (at constant prices) rose nearly eight times as fast. This was largely because the rise in output had itself slowed down so much. The relation of the rise in oil consumption to its net import cost was not so different from that in the first phase, but very much less favourable than in the middle phase 1950 to 1954.

Chart 13 shows why the middle period was so favourable. It was mainly the result of the rapid expansion of home refining. The first section shows the consequent heavy increase in imports of crude oil between 1950 and 1954. But this was largely balanced by the reduction in imports and the increase in exports of refined products ; for all of these, consumption was rising, but as a result of the expansion of home refining, production was rising faster. From 1954 to

Chart 13. Oil refining and the net cost of oil imports



Sources: *Ministry of Fuel and Power Digest, Monthly Digest of Statistics.*

Table 30. Retained imports of finished manufactures

	1938	1950	1951	1952	1953	1954	1955	1956	1957	1958	1954
	Index numbers, 1954 = 100[a]										£*mn*
Machinery	109	80	86	145	119	100	125	136	142	144	87
Vehicles, ships, aircraft	48	38	37	62	208	100	97	101	125	136	27
Clothing and footwear	371	99	59	39	50	100	147	189	216	244	13
Other finished manufactures ..	137	76	88	86	75	100	120	138	162	177	38
Total	127	74	76	109	118	100	121	135	150	158	165

Sources : *Board of Trade Journal, Trade Accounts.*
(a) Based on constant (1954) priced figures.

Table 31. Imports of machinery, and total investment

	1948	1950	1954	1955	1956	1957	1958	1954
	Index numbers, 1954 = 100							£*mn*
Investment in plant and machinery ..	72	87	100	108	111	117	117	932
Imports of machinery	95	80	100	125	136	142	144	87

Sources : *Appendix table 7, Board of Trade Journal.*

1957, however, home refining hardly expanded and the production of several products actually fell. There was no rise in crude oil imports, but imports of motor spirit increased and net exports of fuel oil fell sharply. In 1958 refining increased again. Imports of crude oil rose fast ; but for motor spirits, and particularly fuel oil, production was outstripped by the rise in consumption ; fuel oil showed a further fall in net exports.

Imports of finished manufactures

Finished manufactures, though still accounting for no more than 7 to 8 per cent of total imports, were the most rapidly expanding group in recent years. This was largely because these imports, on the whole less essential to the economy than basic foods, raw materials and fuels, had been most severely compressed by import controls during the war and early post-war years[1]. In 1950 they were still confined to less than 60 per cent of the pre-war level. As a result of the liberalization begun in that year, imports of finished manufactures from ' relaxation ' sources began to rise rapidly. By 1956 the pre-war volume had been recovered and by 1958 exceeded by some 30 per cent.

Table 30 shows the volume movements of four main groups of imported manufactures.

About half of imports of finished manufactures consists of *machinery*. The huge rise in 1952–1953 was due to machine tool imports for the rearmament programme. If these years are omitted, the increasing share of imports in total investment in plant and machinery can be clearly seen from 1950 onwards (table 31).

The *vehicles* group shows the largest increase compared with pre-war and was the only group in which imports were higher in 1954 than in 1938. About half of this group consists of aircraft, and the 1953 figure was abnormally swollen by the inclusion of aircraft valued at £35 million received that year as a gift from the Canadian Government. The most striking recent development has been in the import of ships, which rose from around £2 million in 1954 to £9 million in 1957 and £17 million in 1958 (all valued at 1954 prices). The next largest item recently has been motor bicycles (including scooters and mopeds) which reached a peak of £7.2 million (115,000 units) in 1957, partly as a result of petrol rationing during the Suez crisis. This was more than twice the 1956 level, but in 1958 imports fell a little, as British manufacturers rather belatedly began to enter the scooter market. Imports of motor vehicles amounted to 17–18 thousand in the last two years, only about 2 per cent of new vehicles registered. This compares with a ratio of about 4 per cent in 1938, but only 1 per cent in 1950–53. Imports of motor vehicles are all subject to licence, but quotas have been raised, and,

[1]See M. F. W. Hemming, C. M. Miles and G. F. Ray ' A Statistical Summary of the Extent of Import Control in the United Kingdom since the War ', *Review of Economic Studies*, February, 1959.

given the 30 per cent import duty augmented by the 60 per cent purchase tax, the restrictive effect of licensing may not be very great.

Imports of *clothing and footwear* have risen more rapidly since 1952 than imports of any of the other groups, but this was also the group most severely cut down during and immediately after the war. It is in fact the only group where imports are still well below the pre-war level in volume. People have been spending a rather smaller proportion of their income on clothing during the last six or seven years than they did before the war or in the early 'fifties. Clothing imports, however, since 1953 have been rising steadily in relation to total expenditure on clothing.

In the remaining group of finished manufactures, notable increases in imports occurred in musical instruments and records (from £1.2 million in 1954 to £4.8 million, current values, in 1958), and in works of art (from £3 million in 1954 to £7.3 million in 1958) ; but for the latter the rise was partly offset by a simultaneous increase in re-exports from £1.5 million to £3.9 million.

Imports and exports of finished manufactures

Unlike the other main classes of imports which have been examined, finished manufactures are very much a subject of two-way trade, a trade in which for this country exports are much more important than imports. In so far as the rapid expansion of imports since 1950 was due to the mutual liberalization policy of O.E.E.C., it could therefore be expected that the rise in imports would be at least matched by increased exports.

Chart 14 shows the actual course of trade in finished manufactures (and also in machinery separately) with O.E.E.C. and the U.S.A., which together supply some 80–90 per cent of our total imports in this group. For the O.E.E.C. we can distinguish three phases : (a) up to 1949 imports were controlled at no more than their pre-war *money* value, while the value of exports rose seven-fold ; (b) from 1950 to 1954, the liberalization policy allowed imports to rise by some £60 million, but the same policy, as practised by others, made possible an increase of more than twice this amount in U.K. exports ; (c) in the latest phase, despite the relatively slow growth of the British economy, this relationship has been reversed ; from 1954 to 1958 imports rose substantially more than exports.

Trade with the United States shows quite a different picture from trade with Europe. Imports have risen much less (and have been subject to licence throughout), but so also have exports, until the spurt in sales of motor-cars in 1956–58. There is no relationship between the movement of imports and exports as there is in the trade with O.E.E.C. countries.

A substantial sector of machinery imports from the United States was decontrolled towards the end of 1958 ; this may lead to some rise in imports both at the expense of European competitors and of domestic producers. The United States share in British machinery imports, which was 44 per cent in 1938

Chart 14. Finished manufactures : British exports and imports

£ million, current prices

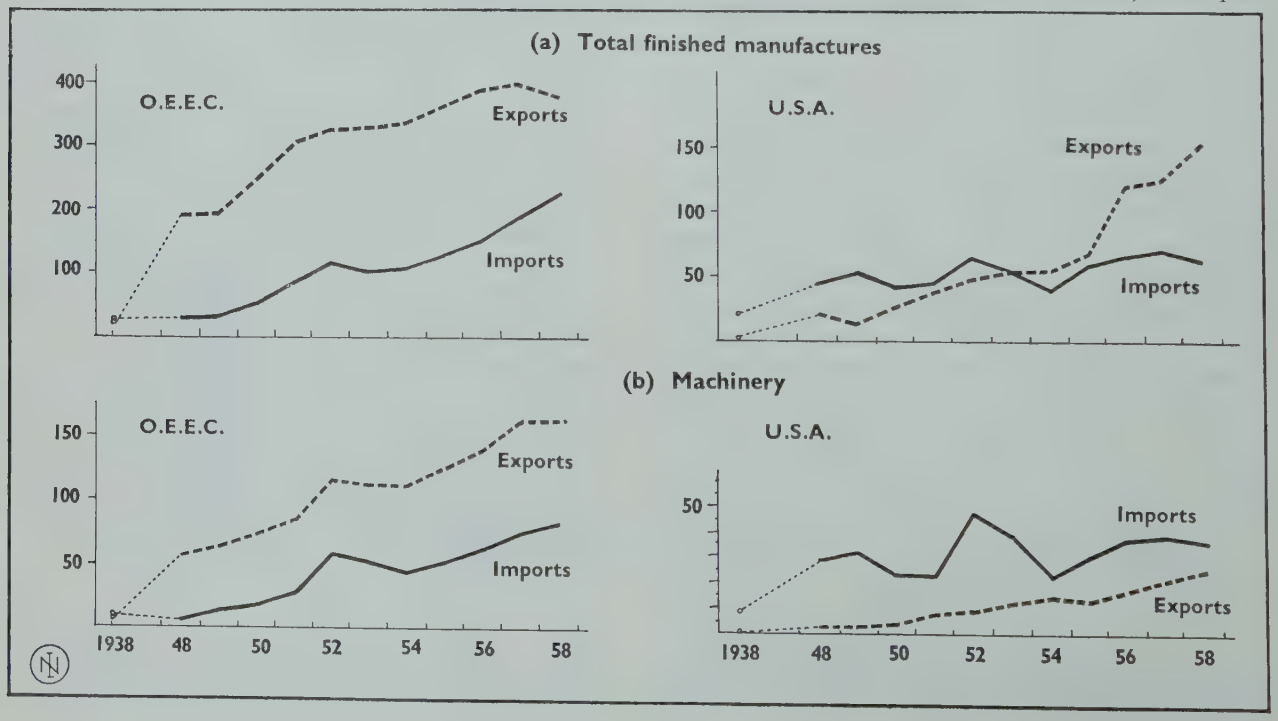


Table 32. Imports and national output

£ million, 1954 prices

	1954	1955	1956	1957	1958
Total imports	3374	3766	3736	3872	3862
Imports proportional to growth of national output since 1954 ..		3502	3512	3566	3553
'Excess'		*264*	*224*	*306*	*309*
Due to differences in stock-building and re-exports since 1954 ..		43	6	138	58
Remaining 'excess' ..		*221*	*218*	*168*	*251*

Sources : *Appendix tables* 1 *and* 2, *and Trade and Navigation Accounts.*

and rose to 69 per cent in 1948, has been running at only about 26–28 per cent since 1954.

'Excess' imports since 1954

The analysis of the disproportionate rise in imports since 1954 can now be put together. First, table 32 shows how big 'excess' imports have been in each of the last four years, when adjustments have been made for stock-building and re-exports.

This remaining excess can then be roughly divided between the five main groups of imports which have been separately analysed, by comparing for each of them actual imports with what they would have been if they had risen in line with national output.

In fact, in the preceding analysis of the main groups of imports, changes in imports have been related not mainly to the rise in national output but wherever possible to some more closely related factor : food

Table 33. Excess of actual imports over imports based on 1954 relationship to national output[a]

£ million, 1954 prices

	1955	1956	1957	1958	1954 actual imports [b]
Food, drink and tobacco[c]	+28	+36	+48	+99	1279
Agricultural inputs ..	+ 2	− 4	− 8	+13	196
Industrial materials ..	+92	+64	+24	−83	1491
Fuel	+51	+50	+ 7	+76	315
Finished manufactures	+29	+51	+73	+87	165

Source : *Previous tables.*

(a) Retained imports adjusted for stock changes.
(b) The '1954 actual imports' in the table add up to rather more than total imports in the previous table. On the one hand, table 33 contains a certain amount of double counting : some £60 million of vegetable oils and oilseeds appear both under food, drink and tobacco and also under industrial materials, and some £70 million of the imports for agriculture (seeds, fertilizers, fuel and machinery) appear both under agricultural inputs and also in one of the succeeding sectors. On the other hand, table 32 includes Class E imports (parcel post, etc.) and imports for stocks and re-exports.
(c) Imports for human food only, excluding imports of feeding-stuffs, seeds, etc. from Class A and including oilseeds, etc., from Class B.

Table 34. Analysis of 'excess' imports,[a] 1955–58

£ million, 1954 prices

	Effect of change in import content[b]				*Residual*			
	1955	1956	1957	1958	1955	1956	1957	1958
Food, drink and tobacco								
Total	47	32	40	69	−19	4	8	30
Food[c]	45	28	37	66	−18	4	6	27
Drink	1	4	4	4	—	—	1	1
Tobacco	1	—	− 1	− 1	− 1	—	1	2
Agricultural inputs	6	−4	−10	7	− 4	—	2	6
Industrial materials[d]	82	50	9	−101	10	14	15	18
(of which steel)	(81)	(75)	(24)	(9)				
Fuel[e]	57	54	25	90	− 6	−4	−18	−14
(of which coal[f])	(48)	(14)	(−1)	(−13)				
Finished manufactures								
Machinery[g]	14	21	21	23	4	6	10	10
Clothing, footwear	5	11	14	18	1	—	1	—

Source : *Previous tables.*

(a) Retained imports adjusted for stock changes.
(b) Of consumption or production, as appropriate.
(c) Food consumption plus exports : the increase in food exports was responsible for +£1 million, +£2 million, +£5 million and +£1 million respectively of the residual.
(d) Excess over 1954 import proportion of total supplies.
(e) These figures are based on gross retained imports. If exports are deducted, the effects of the rising *net* import conten of fuel consumption become £24 million, £50 million, £55 million and £130 million respectively, and the residual effect of fuel consumption growing less than national output −£3 million, −£1 million, −£9 million and −£6 million.
(f) Excess over 1954 imports.
(g) Related to total investment in plant and machinery.

imports to food consumption, imports for agriculture to agricultural output, imports of industrial materials to output of industry and trade, fuel imports to fuel consumption, machinery imports to investment in plant and machinery. Table 34 separates the 'excess' imports since 1954, shown in table 33, into an 'import content' element and a residual. The 'import content' includes both types of change distinguished in tables 22 and 25 : the changes brought about by changing patterns of consumption and production as well as the changes in the import content of different groups of foods or different industries. The residual shows the effects of the difference between the movements of national output and the movement of the particular factors (food consumption, industrial output etc.) to which the import concerned has been related. Thus the £99 million ' excess ' of food, drink and tobacco imports in 1958, shown in table 33, is divided in table 34 into two : £69 million is due to the rising import content of consumption and £30 million is due to the fact that food, drink and tobacco consumption rose faster than national output from 1954 to 1958.

The left-hand side of table 34 shows a fall in the ' excess ' imports due to rising import content between 1955 and 1957, but this was almost all due to abnormal steel and coal imports. Apart from these, the ' excess ' imports due to the rise in import content since 1954 remained at around £80 million between 1955 and 1957, but rose to £110 million in 1958. The rise in 1958 is substantially greater if the abnormal fall in imports of industrial materials in that year—probably largely due to unrecorded de-stocking by industry—is excluded. Apart from industrial materials and coal, the ' excess ' imports due to the rise in import content amounted to over £200 million in 1958. Though there is no reason why the rise in import content of food should persist indefinitely, further substitution of oil for coal is likely to be a continuing influence raising the import content of national output for some time.

The right-hand part of the table reflects mainly the effects on imports of fluctuations in national output and failure of certain production and consumption series to move in step. In particular, when national output increased relatively fast (in 1955), food consumption tended to lag behind, and when national output fell (in 1958) it continued to rise. ' Excess ' imports on this account thus tend to be greatest when economic growth is least.

STATISTICAL APPENDIX

The Home Economy

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Symbols and conventions used

.. = not available.

— = nil or less than half the final digit shown.

billion = thousand millions.

Items may not always add to totals, because of rounding.

A horizontal bar across a column indicates a discontinuity in the series.

Italics are used where NIESR has added estimates to figures published elsewhere—for instance, when an estimated later figure is added.

Table 1. Gross domestic product

Seasonally adjusted

	Expenditure									Output					
	Consumers' expenditure	Public authorities' current spending	Gross fixed investment	Value of physical stock change	Exports of goods and services	**Total final expenditure**	*Less* Imports of goods and services (*a*)	Statistical discrepancy	**Gross domestic product**	**Gross domestic product**	Industrial production (*b*)	Agriculture, etc.	Transport, communication	Distribution	Other services
	£ million, 1954 factor cost, quarterly averages									*Index numbers, 1954 = 100*					
1948	2,272	584	433	+ 60	620	3,969	719	− 4	3,246	83	77.0	85	81	85	95
1949	2,339	634	472	+ 25	694	4,164	770	− 3	3,391	86	82.0	91	85	90	95
1950	2,416	629	497	− 65	794	4,271	776	+ 38	3,533	90	87.5	92	89	92	95
1951	2,373	679	502	+140	835	4,529	889	− 9	3,631	93	90.6	94	92	91	97
1952	2,353	752	505	—	818	4,428	805	− 35	3,588	91	88.0	97	95	88	98
1953	2,451	764	557	+ 35	813	4,620	859	− 20	3,741	95	93.3	98	98	94	99
1954	2,569	758	605	+ 13	880	4,825	900	—	3,925	100	100.0	100	100	100	100
1955	2,655	749	637	+ 73	940	5,054	996	+ 4	4,062	104	105.1	101	103	103	101
1956	2,680	756	666	+ 64	1,001	5,167	1,023	− 40	4,104	104	105.5	105	105	103	101
1957	2,729	732	696	+101	1,003	5,261	1,061	− 27	4,173	106	107.4	108	106	106	102
1958	*2,795*	..	..	..	*976*	..	*1,053*	..	*4,152*	*105*	*106*	*109*	*107*	*107*	*103*
1956 III	2,666	767	663	+ 57	999	5,152	1,018	− 40	4,094	104	105.3	108	105	103	101
IV	2,691	759	681	+ 94	1,032	5,257	1,031	−105	4,121	105	105.6	108	105	104	102
1957 I	2,706	729	688	+128	998	5,249	1,071	− 33	4,145	106	106.8	108	105	106	102
II	2,734	747	685	+104	1,017	5,287	1,022	− 73	4,192	107	107.6	108	107	106	102
III	2,720	734	703	+116	1,001	5,274	1,097	+ 7	4,184	107	108.3	109	107	106	102
IV	2,756	718	707	+ 61	996	5,238	1,050	− 16	4,172	106	106.9	109	107	107	103
1958 I	2,786	712	709	+ 10	965	5,182	1,027	+ 9	4,164	106	107.1	109	106	107	102
II	2,777	732	706	+ 4	968	5,187	1,014	− 36	4,137	105	105.8	109	107	106	102
III	2,766	733	709	+ 63	979	5,250	1,088	− 33	4,129	105	105.3	109	107	107	103
IV	*2,850*	..	..	..	*991*	..	*1,082*	..	*4,176*	*106*	*106.3*	*109*	*109*	*109*	*104*

(a) Not seasonally adjusted. (b) For details see table 2.

Table 2. Production and employment in industry

Index numbers, 1954 = 100, seasonally adjusted

	Production							Employment(*b*)							Output per person employed in industry
	Total industrial production	Building, contracting	Mining, public utilities	**Total manufacturing**	Metals, metal using	Textiles, leather, clothing	Other manufacturing	**Total industrial production**	Building, contracting	Mining, public utilities	**Total manufacturing**	Metals, metal using	Textiles, leather, clothing	Other manufacturing	
Weight(*a*)	1,000	120	120	760	374	114	272	11.38	1.31	1.24	8.83	4.31	1.70	2.82	
1948	77.0	86.7	82.3	75.0	73.1	86.5	73.6	91.8(*c*)	98.2(*c*)	96.3(*c*)	90.2(*c*)	90.2(*c*)	94.3(*c*)	87.8(*c*)	84
1949	82.0	90.8	85.9	80.2	77.5	93.6	79.0	93.3	98.3	97.3	92.0	90.0	98.6	91.1	88
1950	87.5	90.8	89.1	86.9	83.8	101.1	85.8	95.3	98.4	97.1	94.6	91.8	102.1	94.3	92
1951	90.6	87.2	93.1	90.8	89.5	99.9	89.5	97.3	98.9	98.0	97.0	94.5	102.9	97.4	93
1952	88.0	89.9	94.8	86.7	89.3	85.0	84.9	96.9	97.8	100.3	96.2	96.9	94.9	96.1	91
1953	93.3	96.3	96.3	92.4	91.2	98.0	92.0	97.9	98.6	100.5	97.4	97.1	99.1	96.9	95
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100
1955	105.1	100.2	101.6	106.5	109.7	99.3	105.1	102.2	102.0	99.9	102.6	104.6	97.2	102.7	103
1956	105.5	105.7	103.4	105.8	108.2	98.5	105.5	102.9	105.0	99.6	103.1	105.9	95.9	103.1	103
1957	107.4	105.7	103.8	108.2	111.5	98.4	107.9	103.0	104.3	100.5	103.1	106.0	95.2	103.4	104
1958	*106*	105.8	103.2	*107*				101.4	102.3	99.3	101.6	105.4	89.8	103.1	104
1956 I	105.5	102.8	103.5	106.2	109.5	98.8	104.8	103.0	103.2	99.8	103.5	106.4	96.6	103.2	102
II	105.6	106.9	102.3	105.9	108.2	98.8	105.7	103.1	105.3	99.6	103.2	106.1	96.0	103.1	102
III	105.3	106.3	102.9	105.5	107.9	98.9	104.8	102.9	105.8	99.4	102.9	105.7	95.6	103.1	102
IV	105.6	107.0	104.7	105.5	107.1	97.6	106.8	102.7	105.7	99.6	102.7	105.4	95.5	102.9	103
1957 I	106.8	108.2	103.3	107.2	108.8	100.4	107.7	102.8	105.6	100.5	102.7	105.1	95.8	103.1	104
II	107.6	106.6	104.5	108.3	110.9	99.9	108.1	102.9	104.3	100.5	103.0	105.6	95.9	103.2	105
III	108.3	103.3	103.1	109.9	114.3	99.3	108.2	103.2	104.1	100.4	103.4	106.6	95.2	103.6	105
IV	106.9	104.7	104.4	107.6	112.0	94.0	107.3	102.9	103.4	100.5	103.2	106.8	93.7	103.5	104
1958 I	107.1	106.3	104.5	107.7	111.4	93.5	108.5	102.3	102.4	100.4	102.6	106.4	92.1	103.1	105
II	105.8	105.6	103.2	106.3	109.7	89.0	109.2	101.7	101.6	99.4	102.0	105.9	90.4	103.1	104
III	105.3	104.5	100.7	106.2	109.7	90.5	108.2	101.2	102.3	98.7	101.4	105.1	88.8	103.3	104
IV	*106.3*	106.7	104.4	*107.0*				100.5	102.7	98.5	100.5	104.1	87.8	102.7	*106*
October	105.4	106.7	102.8	106.0	107.4	92.5	109.7	100.7	102.2	98.5	100.8	104.3	88.1	103.1	105
Nov.	107		103.8	108	110.3	93.4		100.6	103.2	98.5	100.5	104.1	87.8	102.6	106
Dec.	107		106.5	107				100.3	102.7	98.4	100.2	103.9	87.5	102.3	107
1959 Jan.	106–107							100.0	101.4	98.4	100.1	103.7	87.1	102.4	107

(a) For employment, numbers in millions in 1954. (b) For employment in services, etc., see table 3. (c) End-June, seasonally adjusted.

Table 3. The labour market

Seasonally adjusted

	Employment					Demand for labour			Unemployment by industry						Net overtime per head in manufacturing (*b*)
	Total civil employees	Agriculture etc.	Transport, communications	Distribution	Other services	Unemployment	Unfilled vacancies	Excess demand (*a*)	Metals, metal using	Textiles, leather, clothing	Other manufacturing	Building, contracting	Mining, public utilities	Transport, other services	
	Index numbers, 1954 = 100					*Percentage of total employees*									*Weekly hours*
1948	94.4(*c*)	113.7(*c*)	103.6(*c*)	88.0(*c*)	97.3(*c*)	1.50	2.30	0.68	1.54	0.87	1.35	2.64	0.41	1.62	..
1949	95.1	109.4	103.5	90.9	96.3	1.52	1.95	0.42	1.34	0.79	1.26	2.90	0.38	1.72	..
1950	96.5	111.0	103.1	91.8	97.0	1.53	1.77	0.27	1.18	0.84	1.28	2.83	0.41	1.80	..
1951	97.5	106.4	102.2	93.1	97.0	1.19	2.01	0.69	0.83	1.13	0.99	2.05	0.33	1.46	..
1952	97.4	104.0	102.0	94.4	97.3	1.99	1.34	−0.27	1.17	6.01	1.71	2.83	0.38	1.86	1.0
1953	98.0	101.1	100.7	96.6	97.6	1.64	1.33	−0.04	1.33	1.35	1.50	2.86	0.41	1.86	1.8
1954	100.0	100.0	100.0	100.0	100.0	1.34	1.56	0.29	0.92	1.05	1.18	2.50	0.36	1.58	2.0
1955	101.3	97.8	99.3	103.0	99.8	1.08	1.91	0.73	0.63	1.34	0.98	1.76	0.27	1.27	2.1
1956	102.1	91.6	99.5	105.7	100.8	1.19	1.66	0.46	0.94	1.23	1.08	2.01	0.29	1.30	1.9
1957	102.5	91.2	99.9	108.3	101.2	1.43	1.27	0.01	1.07	1.12	1.25	2.83	0.40	1.60	1.9
1958	101.7	89.5	98.6	108.4	102.1	2.10	0.90	−0.67	1.76	3.15	1.71	4.00	0.65	2.09	1.4
1956 IV	102.1	91.6	99.8	106.6	101.0	1.23	1.50	0.29	0.95	1.06	1.05	2.19	0.32	1.38	2.0
1957 I	102.3	93.4	100.1	107.5	101.0	1.51	1.26	−0.06	1.42	1.17	1.57	2.86	0.42	1.61	1.8
II	102.5	91.9	100.0	108.3	101.3	1.45	1.23	−0.04	1.13	1.16	1.27	2.93	0.39	1.65	2.0
III	102.6	90.2	99.6	108.6	101.2	1.37	1.31	0.10	0.81	1.00	1.03	2.71	0.38	1.59	2.0
IV	102.5	89.4	99.7	108.7	101.3	1.40	1.27	0.03	0.93	1.17	1.14	2.82	0.41	1.57	2.0
1958 I	102.1	88.3	99.4	108.1	101.5	1.71	1.09	−0.30	1.36	2.05	1.63	3.49	0.58	1.78	1.7
II	101.8	88.2	98.9	108.2	102.0	2.07	0.86	−0.68	1.72	3.46	1.71	3.91	0.63	2.05	1.2
III	101.7	89.8	98.2	108.6	102.4	2.22	0.80	−0.77	1.77	3.62	1.61	3.94	0.66	2.22	1.2
IV	101.3	91.9	98.0	108.8	102.3	2.40	0.85	−0.92	2.19	3.47	1.90	4.65	0.75	2.30	1.5
October	101.5	93.8	98.1	108.8	102.4	2.41	0.82	−0.93	2.20	3.69	1.81	4.46	0.72	2.27	
Nov.	101.4	92.6	98.0	109.0	102.4	2.41	0.84	−0.94	2.20	3.40	1.94	4.67	0.79	2.32	
Dec.	101.1	89.2	97.9	108.5	102.1	2.38	0.89	−0.89	2.15	3.30	1.95	4.83	0.76	2.30	
1959 Jan.	100.9	88.0	97.6	108.4	102.2	2.56	0.91	−1.08	2.19	3.38	2.27	6.62	0.88	2.41	
February						2.58	0.83	−1.20							
March						2.4	0.8	−0.9							

See notes, page 53, for changes to this table. (a) NIESR index based on unemployment and vacancies. (b) Not seasonally adjusted. (c) End-June, seasonally adjusted.

Table 4. Prices

Index numbers, 1954 = 100

	Capital goods				Export prices	Retail prices	Consumer goods and services								Total final prices
	All assets	Plant, vehicles etc.	Dwellings	Other building			Total	Food	Drink, tobacco	Housing (inc. rent and rates)	Durable goods	Clothing	All other goods	Services	
1948	78	76	79	81	78	75.7	79.7	67.8	99.1	79.4	84.9	82.2	82.9	79.7	78.4
1949	79	78	80	81	81	77.8	81.3	70.8	98.1	80.9	83.6	85.6	83.6	81.9	80.2
1950	81	81	81	81	85	79.9	83.5	74.8	97.0	83.1	87.0	86.6	85.7	84.4	83.0
1951	89	87	94	91	100	87.6	91.1	83.3	98.3	88.4	99.1	100.4	95.2	90.1	92.2
1952	99	97	104	99	105	95.3	96.5	92.5	99.5	92.5	105.9	100.1	100.4	95.4	98.2
1953	100	100	103	100	101	98.3	98.2	96.3	99.8	97.3	102.2	99.2	99.3	97.8	98.8
1954	100	100	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	105	104	106	106	102	104.5	103.5	106.3	100.5	103.5	101.4	100.6	103.0	104.2	103.4
1956	111	110	110	111	106	109.7	108.2	110.6	103.9	107.8	108.5	102.5	109.3	110.0	108.7
1957	115	115	112	115	111	113.8	111.3	113.3	106.4	114.8	110.4	104.1	112.9	113.6	112.4
1958					110	117.2			108.7	127.8		104.9			
1957 I	112	112	111	112	110	112.1	109.5	110.7	105.2	110.2	110.2	103.2	111.9	112.2	110.6
II	113	113	112	114	110	112.9	110.9	113.7	106.1	113.7	110.7	103.8	111.7	112.4	112.0
III	116	116	114	116	112	114.4	111.8	114.7	106.4	114.3	110.4	104.5	112.6	113.8	113.1
IV	117	117	113	116	111	115.8	112.7	113.8	107.7	121.0	110.0	104.9	115.2	116.0	113.8
1958 I	117	118	112	116	110	116.2	113.5	113.3	108.1	123.8	111.5	105.3	115.2	117.5	114.4
II	117	119	112	116	110	117.9	114.9	116.4	109.0	126.9	110.8	105.4	114.1	120.2	115.6
III	118	120	*114*	*118*	110	116.6	113.9	113.7	108.7	129.4	110.2	104.5	113.5	119.3	115.1
IV					109	118.1			108.7	131.1		104.5			
Sept.					109	116.6	*113.9*	*113.7*	*108.7*	*129.6*	*110.1*	*104.5*	*113.5*	*119.2*	
October					109	117.6	*114.8*	*116.4*	*108.7*	*131.8*	*110.1*	*104.5*	*113.7*	*119.4*	
Nov.					109	118.1	*115.3*	*116.8*	*108.7*	*132.3*	*110.0*	*104.4*	*116.6*	*119.5*	
Dec.					110	118.5	*115.6*	*117.7*	*108.7*	*133.2*	*110.0*	*104.4*	*116.7*	*119.7*	
1959 Jan.						118.7	*115.8*	*118.2*	*108.7*	*134.0*	*110.2*	*103.9*	*116.7*	*117.4*	
February						118.6	*115.7*								

Table 5. Wages, profits, and other costs

Index numbers, 1954 = 100

	Weekly wage rates	Wage rates by industry							Income from employment (a)		Profits of companies and public corporations	All property income		Import prices	Materials used in manufacturing industry
		Metals, metal-using	Textiles, leather, clothing	Other manufacturing	Mining, public utilities	Building, contracting	Agriculture forestry, fishing	Services	Total	Per unit of output		Total	Per unit of output		
1948	74.6	73.5	74.3	73.0	74.3	72.8	75.1	75.6	65.9	79.7	64.9	70.0	84.6	73	..
1949	76.7	76.0	77.6	75.5	74.9	74.7	77.8	77.3	70.3	81.4	67.9	73.0	84.5	74	..
1950	78.1	76.9	79.3	77.2	76.1	76.6	79.0	78.9	74.1	82.3	78.8	81.3	90.3	85	..
1951	84.6	83.5	86.0	84.1	83.5	83.0	84.5	84.9	82.4	89.1	93.1	89.8	97.1	113	..
1952	91.6	91.5	91.6	92.6	92.2	90.5	91.7	91.4	88.8	97.2	83.7	85.2	93.2	111	..
1953	95.8	95.8	96.0	96.6	95.6	95.4	95.9	95.6	93.6	98.2	89.5	91.2	95.7	101	..
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0
1955	106.9	106.8	104.9	106.1	107.7	106.2	105.6	106.2	109.2	105.5	109.5	107.2	103.6	103	103.0
1956	115.4	115.5	112.0	114.8	118.3	114.2	113.8	114.2	118.9	113.7	114.4	112.1	107.2	105	106.7
1957	121.2	121.1	117.9	120.6	124.3	120.5	119.1	120.0	126.1	118.6	121.9	118.7	111.7	107	107.4
1958	125.4	125.3	122.2	125.6	127.4	125.5	126.4	124.6	*131.5*	*124.3*				99	100.8
1957 I	117.8	117.6	115.9	117.4	120.8	117.7	117.4	116.9	122.2	115.7	114.4	112.7	106.7	110	111.8
II	121.0	119.7	116.9	120.0	125.2	119.8	118.1	119.1	125.6	117.6	122.4	118.0	110.5	110	109.6
III	122.7	122.9	118.9	122.0	125.5	122.3	118.1	121.5	128.1	120.2	122.5	118.8	111.4	106	106.3
IV	123.3	124.0	119.8	122.9	125.6	122.3	122.8	122.5	128.5	120.9	128.4	125.2	117.8	102	101.9
1958 I	123.9	124.3	120.7	124.0	125.8	123.7	125.6	123.1	130.2	122.7	112.4	116.0	109.3	99	100.0
II	124.3	124.4	122.1	124.5	126.1	124.5	125.6	123.4	130.8	124.1	118.2	119.7	113.6	99	101.0
III	125.6	124.8	122.9	126.1	126.8	126.8	125.6	125.5	132.0	125.5	117.0	119.4	113.5	98	100.9
IV	127.7	127.9	123.4	127.8	131.1	127.0	128.6	126.5	*133.3*	*125.3*				99	101.2
Sept.	126.2	124.8	123.0	126.6	127.0	126.8	125.6	125.9						98	100.2
October	127.5	127.7	123.0	127.7	131.0	126.9	125.6	126.2						98	100.7
Nov.	127.7	127.8	123.6	127.8	131.1	127.0	129.6	126.4						99	101.5
Dec.	127.8	128.2	123.7	127.8	131.1	127.0	130.6	126.8						99	101.3
1959 Jan.	127.8													99	101.4

See note, page 53, for changes to this table. (a) Seasonally adjusted, except for ' wage-round ' effect.

Table 6. Personal income and expenditure

£ million, quarterly averages, seasonally adjusted

	Disposable income (a)	Total personal savings	Consumers' expenditure	Consumers' expenditure											
				Total	Food	Alcoholic drinks	Tobacco	Housing (inc. rent and rates)	Fuel, light	Clothing	Durable goods: Cars, motor cycles	Durable goods: Furniture, etc.	Durable goods: Radio, electric, etc.	All other goods	Services
	at current prices			*at 1954 prices*											
1948	2,157	38	2,119	2,658	836	201	200	235	109	274	13	56	36	238	460
1949	2,274	62	2,212	2,721	872	194	194	234	108	296	16	68	40	260	439
1950	2,393	53	2,340	2,803	914	198	196	238	113	307	17	77	45	271	427
1951	2,592	71	2,521	2,766	896	204	202	239	117	276	16	74	50	262	430
1952	2,826	174	2,652	2,749	887	202	206	244	115	271	23	67	46	262	426
1953	3,005	196	2,809	2,861	919	205	209	252	117	275	40	77	57	284	426
1954	3,174	178	2,996	2,996	952	204	214	263	121	294	55	87	69	306	431
1955	3,454	247	3,207	3,097	973	215	219	257	124	315	74	89	73	327	431
1956	3,714	334	3,380	3,124	992	219	222	261	129	326	57	86	66	335	431
1957	3,913	370	3,543	3,185	1,007	223	227	264	127	332	62	92	73	347	431
1958	4,086	353	*3,733*	*3,264*	*1,024*	224	232	268	*137*	329	*81*	97	79	*366*	*427*
1956 I	3,618	265	3,353	3,136	1,009	220	222	260	129	319	70	83	66	331	427
II	3,721	323	3,398	3,111	981	216	218	260	132	318	68	87	65	337	429
III	3,735	365	3,370	3,110	978	216	223	261	126	332	53	84	66	338	433
IV	3,783	386	3,397	3,140	1,002	223	226	262	129	337	36	89	67	333	436
1957 I	3,798	343	3,455	3,155	1,004	222	226	262	126	329	43	92	75	340	436
II	3,894	353	3,541	3,193	1,006	225	228	263	126	330	72	94	74	344	431
III	3,941	390	3,551	3,176	994	221	226	264	123	334	73	89	74	350	428
IV	4,020	397	3,623	3,214	1,023	225	230	265	132	334	61	91	70	353	430
1958 I	4,060	363	3,697	3,250	1,031	226	229	267	140	325	81	92	75	363	421
II	4,070	344	3,726	3,243	1,021	221	235	267	142	321	88	93	78	357	420
III	4,083	403	3,680	3,229	1,017	217	232	268	127	327	78	90	74	368	431
IV	*4,130*	*300*	*3,830*	*3,330*	*1,026*	232	233	270	*139*	342	*79*	109	87	*376*	*437*

(a) Seasonally adjusted, except for ' wage-round ' effect.

Table 7. Fixed investment

£ million, 1954 prices, quarterly averages, seasonally adjusted

	Total	Dwellings		Industries and services										
					By type of asset			Mainly public industries				Mainly private industries		
		Public	Private	Total	Plant, machinery	Vehicles, ships, aircraft	Buildings, works	Total	Fuel, power	Public, social services	Transport, communications	Total	Manufacturing	Other industries, services
1948	455	92	14	349	167	91	91	124	53	29	42	225	114	111
1949	496	87	17	392	182	97	113	148	65	35	48	244	128	116
1950	521	86	16	419	203	87	129	158	70	42	47	261	147	115
1951	524	84	16	424	220	78	125	157	70	45	42	267	156	111
1952	529	95	24	409	208	70	131	158	73	44	42	251	150	101
1953	589	114	42	431	210	82	139	172	81	46	45	259	146	113
1954	636	105	56	475	233	90	152	192	96	48	48	284	152	132
1955	672	85	60	527	253	104	170	202	102	49	51	325	172	153
1956	703	78	64	562	258	110	193	211	97	56	58	351	194	158
1957	735	74	64	597	272	118	207	233	100	61	72	364	197	167
1958		*62*	*67*				*215*						*189*	
1955 III	688	82	66	540	258	106	176	203	106	48	49	337	180	157
IV	698	82	62	554	259	112	183	213	103	54	56	341	184	157
1956 I	691	76	63	552	259	109	184	206	98	52	56	346	187	159
II	698	78	63	557	253	108	196	211	101	58	52	346	194	152
III	702	79	64	559	256	108	195	210	93	56	61	349	193	156
IV	720	77	65	578	264	116	198	215	94	57	64	363	200	163
1957 I	724	81	67	576	268	103	205	217	94	59	64	359	202	157
II	724	75	64	585	271	110	204	223	95	60	68	362	206	156
III	744	71	61	612	273	132	207	237	96	65	76	375	196	179
IV	747	69	64	614	277	127	210	254	114	60	80	360	185	175
1958 I	751	68	64	619	282	128	211	243	104	65	74	376	193	183
II	744	64	65	615	281	120	217	242	103	66	73	373	199	174
III	752	*60*	*69*	623	*274*	135	214	240	103	72	65	383	190	192
IV		*55*	*71*				*216*						*173*	

Table 8. Building orders and work done (a)

£ million, 1954 prices, quarterly averages

	Housing	Other buildings and works		
		Public	Private	
			Industrial	Other
	New orders received			
1956 III	..	..	..	..
IV	139	91	54	43
1957 I	144	90	52	44
II	117	81	48	46
III	110	101	44	41
IV	101	74	44	41
1958 I	109	98	47	42
II	107	80	40	41
III	110	69	42	38
IV	132	79	33	40
	New work done			
1956 III	130	80	63	37
IV	130	77	63	38
1957 I	126	77	60	39
II	128	83	62	40
III	118	83	60	40
IV	120	84	59	42
1958 I	112	81	59	41
II	118	91	57	43
III	115	93	59	42
IV	112	93	58	44

(a) New orders received and work done by contractors in building and civil engineering.

Table 9. Changes in the volume of stocks

£ million, 1954 prices, quarterly averages

	Total stocks (a)	Manufacturing and Distribution							
		Total	Manufacturing				Wholesale		Retail
			Total	Materials and fuel	Work in progress	Finished goods	Industrial materials	Manufactured goods	
Value at end 1957	8,414	6,031	4,223	1,824	1,435	964	319	700	789
1956	+ 64	+ 57	+ 48	+ 11	+ 22	+ 15	− 3	+ 6	+ 6
1957	− 102	+ 87	+ 55	+ 12	+ 25	+ 18	+ 7	+ 17	+ 8
1958		*+ 6*	*+ 6*	*− 32*	*+ 12*	*+ 26*	*− 6*	*+ 2*	*+ 4*
1956 I	+ 117	..	+ 94	+ 6	+ 51	+ 37	..	..	+ 45
II	+ 84	..	+ 54	− 27	+ 32	+ 49	..	..	− 22
III	+ 42	..	+ 24	+ 45	+ 3	− 24	..	..	+ 9
IV	+ 14	− 22	+ 22	+ 22	+ 1	− 1	+ 13	− 47	− 10
1957 I	+ 213	+ 202	+ 103	+ 31	+ 27	+ 45	− 15	+ 75	+ 39
II	+ 114	+ 83	+ 53	− 35	+ 57	+ 31	− 7	+ 37	—
III	+ 101	+ 94	+ 63	+ 44	+ 41	− 22	+ 24	+ 7	—
IV	− 19	− 30	+ 4	+ 9	− 23	+ 18	+ 24	− 51	− 7
1958 I	+ 95	+ 88	+ 55	− 40	+ 38	+ 57	− 13	+ 17	+ 29
II	+ 14	− 11	+ 20	− 76	+ 25	+ 71	− 24	+ 7	− 14
III	+ 48	+ 18	− 20	+ 4	− 1	− 23	+ 12	+ 19	+ 7
IV		*71*	*− 32*	*− 18*	*− 14*	*0*	*0*	*− 33*	*− 6*

See notes, page 53, for changes to this table.

(a) This series is seasonally adjusted in table 1.

Table 10. Finance

Quarterly averages

	Money supply : per cent of total final sales	London Clearing Banks			New capital issues				Treasury bills outstanding	Hire purchase debt			Yields	
		Liquidity ratio	Advances		Overseas	Local authorities	Manufacturing, distribution	Other		Total	Owing to finance houses	Owing to household goods shops	On 2½% Consols	On ordinary shares
			Total	Nationalised industries										
	per cent		*£mn., change in period*		*£ million*				*£ million, change in period*				*per cent*	
1948	50.1	28.8	+ 43	..	9.5	—	29.7	30.2	− 29	..	..	..	3.21	4.62
1949	47.4	32.1	+ 36	..	10.5	—	25.8	3.0	− 71	..	..	..	3.30	5.49
1950	44.8	39.0	+ 30	..	13.0	—	36.5	40.5	− 29	..	..	..	3.54	5.27
1951	39.0	37.4	+ 72	..	12.5	—	34.5	26.0	−212	..	..	..	3.78	5.78
1952	37.4	34.4	− 45	..	13.1	—	28.0	55.6	− 20	..	..	..	4.23	6.46
1953	37.1	35.1	− 10	..	14.3	4.8	27.7	61.8	+ 28	..	..	..	4.08	6.06
1954	36.5	33.7	+ 48	..	19.8	4.5	43.4	64.9	+100	..	..	..	3.75	5.40
1955	33.9	32.5	− 11	..	15.9	2.2	47.7	92.8	+ 86	..	..	..	4.17	5.43
1956	31.3	35.3	+ 15	..	13.1	13.5	53.5	11.2	−131	*− 25*	*− 9*	*−16*	4.73	6.25
1957	30.5	35.1	− 8	− 8	16.3	6.4	58.0	11.1	+181	*+ 20*	*+22*	*− 2*	4.98	6.27
1958		34.0	+ 91	—	18.5	15.2	38.3	17.9	− 83	+ 30	+19	+11	4.98	6.23
1957 I	30.8	34.6	+ 63	−69	16.8	14 4	57.5	18.8	−764	*+ 4*	*+19*	*−15*	4.60	6.13
II	30.1	33.0	+104	+18	19.6	4.7	63.7	5.8	+487	*+ 11*	*+17*	*− 6*	4.82	5.86
III	30.6	35.4	−126	−12	16.8	—	21.4	5.3	+207	*+ 38*	*+40*	*− 2*	5.16	6.14
IV	30.5	37.2	− 73	+34	11.9	6.6	89.3	14.8	+796	+ 28	+12	+16	5.44	6.96
1958 I	31.1	35.9	+ 36	−28	18.0	27.4	63.9	10.8	−1113	+ 1	+12	−11	5.19	6.99
II	30.7	32.8	+112	+20	27.0	12.7	50.6	8.7	+282	+ 18	+24	− 6	4.99	6.49
III	31.0	33.5	− 2	− 5	7.4	15.8	21.0	39.4	+163	+ 12	+ 7	+ 5	4.90	5.96
IV		33.8	+218		21.7	5.0	17.3	12.9	+335	+ 89	+33	+56	4.85	5.46
October		33.2	+165	+41					+256	+ 36	+ 9	+27	4.77	5.57
Nov.		33.7	+171	−15					− 95	+114	+51	+63	4.89	5.56
Dec.		34.6	+207	+16					+845	+117	+39	+78	4.73	5.36
1959 Jan.		34.9	+132	− 7					−293	+ 57				
Feb.			+243											

Table 11. U.K. imports and exports and changes in imported stocks

Quarterly averages

	Imports				Exports (exc. re-exports)				Balance of visible trade as recorded (*b*)	Terms of trade import/export	Stock changes of mainly imported commodities				
	Value c.i.f.		Volume		Value f.o.b.		Volume				Total	Total	Food and tobacco	Industrial materials	Fuel
	As recorded	Adjusted (*a*)	As recorded	Adjusted (*a*)	As recorded	Adjusted (*a*)	As recorded	Adjusted (*a*)							
	£mn.		*1954 = 100*		*£mn.*		*1954 = 100*		*£mn.*	*1954 = 100*	*Current prices*	*1954 prices, £mn. c.i.f.*			
1950	648	648	89	89	546	550	101	100	− 82	100	−30.3	−33.4	−14.1	−20.1	+ 0.8
1951	971	971	100	100	649	651	100	98	−292	113	+32.0	+19.7	+10.4	+ 2.0	+ 7.3
1952	864	864	92	92	641	641	94	92	−188	106	+20.8	+20.5	+ 2.1	+13.4	+ 5.0
1953	829	829	99	99	639	644	96	95	−164	100	+22.0	+16.9	+ 9.6	+ 3.8	+ 3.5
1954	837	837	100	100	662	666	100	100	−150	100	− 5.0	− 5.0	− 2.1	− 5.7	+ 2.8
1955	964	964	112	112	719	712	107	105	−216	101	+ 2.0	+ 2.0	− 4.5	+ 1.8	+ 4.7
1956	965	973	111	112	785	784	113	112	−145	99	−13.3	−12.1	− 0.6	−10.9	+ 0.6
1957	1,011	1,003	115	114	823	821	116	113	−156	96	+25.2	+21.9	+ 5.9	+ 8.0	+ 8.0
1958	938	933	115	114	793	793	111	110	−110	90	− 1.3	− 1.0	− 0.3	− 1.5	+ 0.8
1957 I	1,055	1,025	119	115	828	812	117	113	−189	100	+21.7	+38.8	+43.3	−11.2	+ 6.7
II	1,026	1,026	113	113	843	833	118	115	−154	100		+ 7.1	−10.4	+ 6.3	+11.2
III	991	991	113	113	788	828	110	114	−175	95	+30.3	+30.7	−21.1	+33.5	+18.3
IV	979	979	116	116	831	813	117	113	−114	92		+15.3	+13.6	+ 4.6	− 2.9
1958 I	929	929	114	114	813	803	113	110	− 76	90	−27.8	−19.7	+ 2.3	−15.5	− 6.5
II	901	921	110	113	767	799	108	110	− 99	90		−31.5	−20.7	− 4.9	− 5.8
III	939	919	113	111	776	776	109	108	−128	90	+25.3	+14.2	− 9.3	+17.4	+ 6.1
IV	986	966	121	119	815	797	115	111	−136	90		+33.5(*c*)	+25.0	− 0.7	+ 9.2
October	976	976	..	119	790	782	..	109	−152	90	..	..	..	..	..
Nov.	937	937	..	115	863	833	..	116	− 36	91	..	..	..	..	..
Dec.	1,056	996	..	122	797	779	..	108	−232	90	..	..	..	..	..
1959 Jan.	986	1,046	..	128	810	797	..	110	−148	91	..	..	..	..	..
February	877	877	..	107	753	773	..	107	− 93	..	..	..	..	..	..

See notes, page 53, for changes to this table. (a) Both imports and exports are adjusted for dock strikes, delays, and certain other statistical disturbances ; exports are adjusted for seasonal movements and for working days, and exclude lend-lease silver. (b) Exports and re-exports less imports. (c) This figure is not adjusted for accelerated clearances ; see notes, page 53.

Table 12. Volume of U.K. imports, by commodity

Index numbers, 1954 = 100

	Food and beverages	Tobacco	Basic materials					Fuels		Semi-manufactures and manufactures mainly for industrial use				Finished manufactures	
			Total	Textile materials	Wood	Pulp	Ores and scrap	Total	Petroleum and products	Total	Iron and steel	Non-ferrous metals	Textile manufactures	Total	Machinery
Value 1958 £mn	1,406	87	899	247	141	98	138	441	434	586	47	175	85	316	166
1950	92	97	97	110	77	72	88	65	68	86	139	78	121	74	80
1951	101	113	102	96	120	87	82	86	88	111	150	91	152	76	86
1952	91	71	90	88	83	73	90	83	87	97	352	103	71	107	142
1953	102	104	101	110	101	82	95	90	94	86	198	85	65	115	118
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	107	111	106	98	114	118	112	121	107	126	363	109	107	122	124
1956	109	102	102	100	92	113	114	115	112	121	379	101	120	136	137
1957	114	103	106	101	101	112	126	114	115	122	215	110	129	152	145
1958	120	101	94	89	89	111	94	124	129	119	139	114	124	166	153
1955 I	118	64	107	118	86	118	100	114	101	128	251	119	118	112	120
II	100	61	98	95	87	109	107	124	110	114	340	95	97	118	122
III	101	144	113	86	158	130	123	126	109	129	411	114	103	128	125
IV	108	175	105	91	126	114	117	121	109	132	451	108	112	128	131
1956 I	114	76	100	110	63	92	103	120	113	129	502	97	126	138	141
II	113	50	104	107	76	115	115	122	117	125	433	101	122	136	139
III	98	111	105	81	130	126	127	121	118	112	318	97	114	123	125
IV	109	172	99	101	100	120	111	98	98	116	264	108	119	147	142
1957 I	126	64	109	132	64	105	109	102	101	119	222	102	133	156	140
II	111	61	107	104	93	117	124	117	117	118	206	104	126	158	140
III	104	136	106	79	141	112	142	125	127	122	209	112	120	142	141
IV	114	151	103	88	107	115	127	112	114	129	222	123	137	153	159
1958 I	120	51	95	98	57	102	104	114	118	125	194	114	139	160	147
II	119	68	92	92	74	110	106	116	121	113	153	107	108	159	147
III	117	133	90	64	126	113	87	128	134	118	116	124	111	169	150
IV	124	152	97	100	100	118	77	137	144	122	93	110	139	178	167

Table 13. Volume of U.K. exports, by commodity and area

Index numbers, 1954 = 100, seasonally adjusted

	By commodity										By area			
			Manufactures											
	Food, beverages, tobacco	Basic materials, fuels	Total	Metals and engineering				Textiles	Chemicals	Other manufactures	Sterling area	Other primary producers	North America	Western Europe
				Total	Metals	Metal goods	Machinery	Transport equipment							
Value 1958 £mn	188	240	2,665	1,813	280	186	788	559	254	262	335	1,429	366	461	835
1950	93	78	106	102	106	101	99	105	125	79	121	94	129	105	94
1951	95	61	105	100	80	103	104	101	126	92	118	101	114	100	90
1952	91	77	96	98	84	97	106	93	94	77	100	91	111	94	89
1953	94	93	96	97	94	105	100	92	103	79	97	94	93	112	96
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	106	100	109	110	113	114	110	106	96	116	112	106	102	115	107
1956	115	103	115	118	126	110	117	121	92	127	113	105	113	137	116
1957	124	96	117	121	139	105	120	123	92	137	113	105	120	143	116
1958	120	98	113	118	135	90	114	127	78	134	112	102	114	153	107
1956 I	101	103	111	114	117	111	114	115	91	123	110	106	118	127	106
II	112	105	120	126	125	119	123	134	95	126	116	107	120	148	121
III	109	101	113	117	126	101	118	117	91	125	110	104	108	129	116
IV	137	104	114	117	134	110	113	116	91	133	115	102	108	142	122
1957 I	114	103	117	119	148	108	117	113	95	139	113	103	112	138	123
II	129	97	118	123	145	109	121	122	94	137	111	107	118	146	117
III	124	92	118	123	131	101	121	132	92	136	113	107	122	148	114
IV	129	93	116	121	133	101	120	126	85	134	113	105	127	141	111
1958 I	113	97	114	118	126	93	116	126	87	135	113	105	116	147	107
II	121	92	107	112	128	88	109	118	76	127	107	97	112	147	102
III	128	100	116	123	140	85	117	140	77	143	110	105	119	148	112
IV	119	101	114	120	148	94	113	126	74	133	117	99	110	168	107

Table 14. Trade of industrial countries

$ billion, quarterly averages

	Total (a)			U.S.A.			Canada			U.K.			Continental O.E.E.C. (a)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	8.29	9.15	−0.86	3.17	2.01	+1.16	0.84	0.76	+0.08	1.65	2.09	−0.44	2.57	4.12	−1.54
1949	8.66	9.03	−0.37	3.02	1.88	+1.14	0.77	0.73	+0.04	1.71	2.13	−0.42	3.03	4.06	−1.03
1950	8.43	9.38	−0.95	2.57	2.40	+0.17	0.77	0.80	−0.03	1.58	1.82	−0.24	3.31	4.12	−0.81
1951	11.32	12.77	−1.45	3.76	2.97	+0.79	1.01	1.05	−0.04	1.90	2.73	−0.84	4.31	5.52	−1.20
1952	11.99	12.43	−0.43	3.80	2.92	+0.89	1.19	1.12	+0.07	1.91	2.43	−0.52	4.77	5.45	−0.68
1953	12.16	12.42	−0.26	3.95	2.95	+1.00	1.15	1.21	−0.06	1.88	2.34	−0.46	4.86	5.32	−0.46
1954	12.61	12.78	−0.17	3.78	2.76	+1.02	1.11	1.14	−0.03	1.94	2.36	−0.42	5.37	5.92	−0.55
1955	13.85	14.52	−0.67	3.89	3.09	+0.80	1.20	1.29	−0.09	2.12	2.72	−0.60	6.14	6.80	−0.66
1956	15.78	16.32	−0.53	4.77	3.44	+1.34	1.32	1.57	−0.25	2.32	2.72	−0.40	6.75	7.78	−1.03
1957	17.22	17.65	−0.43	5.21	3.54	+1.66	1.37	1.59	−0.22	2.42	2.85	−0.43	7.51	8.60	−1.08
1958	16.40	16.32	+0.08	4.46	3.47	+0.99	1.36	1.45	−0.09	2.35	2.65	−0.30	7.50	8.00	−0.50
1956 I	14.30	15.43	−1.13	4.23	3.50	+0.73	1.12	1.37	−0.25	2.28	2.75	−0.47	6.12	7.12	−1.00
II	16.11	16.63	−0.52	4.92	3.41	+1.51	1.36	1.71	−0.35	2.39	2.77	−0.38	6.84	7.93	−1.09
III	15.42	16.00	−0.58	4.71	3.39	+1.32	1.37	1.53	−0.16	2.15	2.62	−0.47	6.57	7.64	−1.07
IV	17.28	17.15	+0.13	5.22	3.44	+1.78	1.43	1.63	−0.20	2.46	2.73	−0.27	7.45	8.45	−1.00
1957 I	17.09	17.90	−0.81	5.44	3.52	+1.92	1.23	1.53	−0.30	2.45	2.96	−0.51	7.32	8.82	−1.50
II	17.37	18.19	−0.82	5.47	3.49	+1.98	1.35	1.75	−0.40	2.47	2.91	−0.46	7.41	8.76	−1.36
III	16.77	17.22	−0.45	4.91	3.50	+1.41	1.47	1.58	−0.11	2.31	2.79	−0.48	7.31	8.28	−0.97
IV	17.61	17.27	+0.34	5.00	3.67	+1.33	1.42	1.48	−0.06	2.45	2.75	−0.30	7.98	8.50	−0.52
1958 I	16.02	16.27	−0.25	4.40	3.45	+0.95	1.20	1.31	−0.11	2.41	2.61	−0.20	7.30	8.10	−0.80
II	16.21	16.26	−0.05	4.57	3.43	+1.14	1.44	1.55	−0.09	2.27	2.55	−0.28	7.25	7.96	−0.71
III	15.76	15.77	−0.01	4.17	3.34	+0.83	1.36	1.39	−0.03	2.30	2.65	−0.35	7.24	7.66	−0.42
IV	17.59	16.97	+0.62	4.71	3.64	+1.07	1.45	*1.55*	*−0.10*	2.42	2.78	−0.36	8.21	8.28	−0.07

(a) Excludes W. Germany in 1948 and 1949.

Table 14 (contd.). Trade of industrial countries

$ billion, quarterly averages

	Western Germany			France			Italy			Netherlands			Japan		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	..	..	..	0.50	0.86	−0.36	0.27	0.38	−0.12	0.26	0.47	−0.21	0.06	0.17	−0.11
1949	..	..	..	0.68	0.82	−0.14	0.28	0.39	−0.11	0.34	0.46	−0.13	0.13	0.23	−0.10
1950	0.49	0.67	+0.18	0.76	0.76	—	0.30	0.37	−0.07	0.35	0.51	−0.16	0.20	0.24	−0.04
1951	0.87	0.87	−0.01	1.02	1.11	−0.09	0.41	0.54	−0.13	0.49	0.64	−0.15	0.34	0.50	−0.16
1952	1.00	0.95	+0.05	0.96	1.08	−0.12	0.35	0.58	−0.24	0.53	0.56	−0.03	0.32	0.51	−0.19
1953	1.10	0.94	+0.15	0.95	0.99	−0.04	0.38	0.60	−0.23	0.54	0.59	−0.06	0.32	0.60	−0.28
1954	1.31	1.14	+0.17	1.05	1.06	−0.01	0.41	0.61	−0.20	0.60	0.71	−0.11	0.41	0.60	−0.19
1955	1.53	1.45	+0.09	1.23	1.18	+0.04	0.46	0.68	−0.21	0.67	0.80	−0.13	0.50	0.62	−0.11
1956	1.84	1.65	+0.19	1.13	1.39	−0.25	0.54	0.79	−0.26	0.72	0.93	−0.21	0.62	0.81	−0.18
1957	2.14	1.87	+0.27	1.28	1.54	−0.26	0.63	0.91	−0.27	0.77	1.03	−0.25	0.71	1.07	−0.36
1958	2.20	1.83	+0.37	1.28	1.40	−0.12	0.63	0.79	−0.16	0.81	0.91	−0.10	0.72	0.76	−0.04
1956 I	1.56	1.45	+0.11	1.07	1.26	−0.19	0.50	0.76	−0.26	0.67	0.85	−0.18	0.55	0.69	−0.14
II	1.89	1.65	+0.24	1.17	1.47	−0.30	0.50	0.80	−0.30	0.74	0.93	−0.19	0.60	0.81	−0.21
III	1.82	1.69	+0.13	1.06	1.33	−0.27	0.55	0.76	−0.21	0.70	0.94	−0.24	0.62	0.82	−0.20
IV	2.08	1.83	+0.25	1.23	1.48	−0.25	0.60	0.83	−0.23	0.76	0.99	−0.23	0.72	0.90	−0.18
1957 I	2.00	1.81	+0.19	1.33	1.69	−0.36	0.59	0.92	−0.33	0.76	1.08	−0.32	0.65	1.06	−0.41
II	2.11	1.81	+0.30	1.29	1.68	−0.39	0.63	0.94	−0.31	0.72	1.04	−0.33	0.67	1.28	−0.61
III	2.15	1.87	+0.27	1.16	1.43	−0.27	0.65	0.85	−0.20	0.78	1.01	−0.23	0.77	1.07	−0.30
IV	2.31	2.00	+0.32	1.32	1.36	−0.04	0.67	0.92	−0.25	0.84	0.97	−0.14	0.76	0.87	−0.11
1958 I	2.06	1.82	+0.23	1.27	1.51	−0.24	0.61	0.81	−0.20	0.77	0.87	−0.10	0.71	0.80	−0.09
II	2.13	1.72	+0.41	1.22	1.52	−0.30	0.63	0.80	−0.17	0.76	0.90	−0.14	0.68	0.77	−0.09
III	2.23	1.83	+0.40	1.15	1.26	−0.11	0.63	0.75	−0.12	0.81	0.88	−0.07	0.69	0.73	−0.04
IV	2.39	1.96	+0.43	1.47	1.32	+0.15	0.64	0.79	−0.15	0.88	0.97	−0.09	0.80	0.72	+0.08

Table 15. Trade of primary producing countries

$ billion, quarterly averages

	Total			Overseas Sterling Area			Australia			New Zealand			India		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	4.92	5.56	−0.64	2.11	2.51	−0.41	0.41	0.35	+0.06	0.12	0.11	+0.01	0.34	0.43	−0.09
1949	4.70	5.52	−0.83	2.03	2.51	−0.49	0.40	0.40	—	0.14	0.11	+0.03	0.33	0.51	−0.18
1950	5.47	5.16	+0.31	2.33	2.25	+0.08	0.42	0.41	+0.01	0.13	0.11	+0.01	0.29	0.29	—
1951	6.91	7.19	−0.28	3.11	3.21	−0.10	0.51	0.61	−0.10	0.17	0.15	+0.02	0.40	0.45	−0.05
1952	6.11	7.16	−1.06	2.74	3.07	−0.32	0.42	0.49	−0.07	0.17	0.19	−0.03	0.32	0.42	−0.10
1953	6.25	6.34	−0.09	2.73	2.68	+0.05	0.49	0.37	+0.13	0.16	0.13	+0.03	0.28	0.30	−0.02
1954	6.47	6.71	−0.24	2.77	2.81	−0.04	0.41	0.47	−0.05	0.17	0.17	—	0.30	0.32	−0.03
1955	6.86	7.27	−0.41	3.00	3.16	−0.16	0.44	0.54	−0.10	0.18	0.20	−0.02	0.32	0.35	−0.03
1956	7.23	7.65	−0.42	3.12	3.33	−0.21	0.47	0.49	−0.02	0.19	0.19	+0.01	0.32	0.42	−0.10
1957	7.44	8.52	−1.08	3.25	3.65	−0.40	0.55	0.48	+0.07	0.19	0.21	−0.01	0.35	0.51	−0.16
1958	*7.19*	*8.10*	*−0.91*	*3.11*	*3.56*	*−0.45*	0.42	0.52	−0.10	0.17	0.20	−0.03	0.30	0.40	−0.10
1956 I	7.20	7.47	−0.27	3.12	3.33	−0.21	0.34	0.51	−0.17	0.23	0.18	+0.05	0.34	0.42	−0.08
II	7.27	7.65	−0.38	3.17	3.33	−0.16	0.54	0.51	+0.03	0.20	0.18	+0.02	0.27	0.40	−0.13
III	6.91	7.52	−0.61	2.99	3.30	−0.31	0.41	0.48	−0.07	0.18	0.20	−0.02	0.30	0.44	−0.14
IV	7.31	7.63	−0.32	3.22	3.36	−0.14	0.59	0.43	+0.17	0.16	0.18	−0.02	0.35	0.44	−0.09
1957 I	7.61	8.01	−0.40	3.36	3.51	−0.15	0.62	0.44	+0.18	0.22	0.18	+0.04	0.34	0.48	−0.14
II	7.49	8.68	−1.19	3.25	3.71	−0.45	0.57	0.48	+0.09	0.20	0.20	—	0.31	0.55	−0.24
III	7.25	8.65	−1.39	3.13	3.71	−0.57	0.46	0.49	−0.03	0.19	0.23	−0.04	0.37	0.52	−0.15
IV	7.41	8.75	−1.33	3.24	3.66	−0.42	0.55	0.50	+0.05	0.15	0.22	−0.07	0.35	0.46	−0.11
1958 I	7.31	8.26	−0.95	3.24	3.71	−0.47	0.42	0.52	−0.10	0.22	0.20	+0.02	0.30	0.43	−0.13
II	7.06	8.10	−1.04	3.03	3.55	−0.52	0.39	0.51	−0.12	0.19	0.21	−0.01	0.24	0.39	−0.15
III	6.95	7.79	−0.84	3.05	3.40	−0.35	0.37	0.53	−0.16	0.15	0.19	−0.04	0.34	0.38	−0.04
IV	*7.43*	*8.24*	*−0.81*	*3.12*	*3.59*	*−0.47*	0.48	0.53	−0.05	0.12	0.19	−0.07	0.33	0.40	−0.07

Table 15 (contd.). Trade of primary producing countries

$ billion, quarterly averages

	Pakistan			South Africa			Malaya			Latin America excluding Venezuela			Others		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	0.15	0.08	+0.07	0.15	0.40	−0.25	0.21	0.21	—	1.38	1.35	+0.03	1.43	1.69	−0.26
1949	0.12	0.12	—	0.15	0.33	−0.18	0.18	0.20	−0.02	1.14	1.15	−0.01	1.54	1.85	−0.31
1950	0.12	0.10	+0.02	0.17	0.25	−0.08	0.33	0.24	+0.09	1.41	1.24	+0.17	1.73	1.67	+0.06
1951	0.19	0.14	+0.05	0.22	0.38	−0.15	0.50	0.39	+0.11	1.61	1.77	−0.16	2.19	2.22	−0.03
1952	0.13	0.16	−0.02	0.22	0.34	−0.12	0.32	0.32	—	1.40	1.71	−0.31	1.96	2.39	−0.43
1953	0.11	0.09	+0.02	0.23	0.35	−0.12	0.25	0.26	−0.02	1.54	1.41	+0.14	1.97	2.26	−0.29
1954	0.09	0.08	+0.01	0.26	0.36	−0.10	0.25	0.26	—	1.55	1.60	−0.05	2.14	2.31	−0.17
1955	0.10	0.07	+0.03	0.26	0.37	−0.11	0.34	0.31	+0.03	1.52	1.62	−0.09	2.33	2.49	−0.16
1956	0.08	0.10	−0.02	0.30	0.38	−0.09	0.34	0.34	—	1.63	1.67	−0.04	2.47	2.65	−0.18
1957	0.08	0.11	−0.03	0.32	0.42	−0.10	0.34	0.36	−0.02	1.57	1.85	−0.28	2.64	3.04	−0.40
1958				0.28	0.43	−0.15									
1956 I	0.13	0.07	+0.06	0.27	0.40	−0.13	0.36	0.34	+0.02	1.61	1.61	—	2.47	2.53	−0.06
II	0.07	0.07	—	0.28	0.39	−0.11	0.32	0.34	−0.02	1.60	1.63	−0.03	2.49	2.69	−0.20
III	0.06	0.09	−0.03	0.29	0.37	−0.08	0.33	0.33	—	1.52	1.66	−0.14	2.40	2.55	−0.15
IV	0.08	0.13	−0.05	0.30	0.36	−0.06	0.35	0.34	+0.01	1.57	1.76	−0.19	2.53	2.51	+0.02
1957 I	0.14	0.12	+0.02	0.33	0.41	−0.07	0.35	0.38	−0.03	1.64	1.66	−0.02	2.61	2.83	−0.22
II	0.06	0.11	−0.05	0.32	0.42	−0.10	0.33	0.35	−0.02	1.55	1.86	−0.31	2.68	3.11	−0.42
III	0.05	0.10	−0.05	0.30	0.43	−0.13	0.34	0.38	−0.03	1.50	1.90	−0.40	2.62	3.04	−0.42
IV	0.09	0.11	−0.02	0.34	0.43	−0.09	0.34	0.33	+0.01	1.54	1.93	−0.39	2.63	3.16	−0.52
1958 I	0.11	0.11	—	0.29	0.48	−0.19	0.32	0.36	−0.04	1.44	1.61	−0.17	2.63	2.94	−0.31
II	0.05	0.11	−0.06	0.29	0.45	−0.16	0.30	0.34	−0.04	1.49	1.69	−0.20	2.54	2.86	−0.32
III	0.06	0.09	−0.04	0.26	0.40	−0.15	*0.29*	*0.30*	*−0.02*	1.42	1.69	−0.27	2.48	2.70	−0.22
IV				0.26	0.37	−0.11									

Table 16. World industrial production

Index numbers, 1953 = 100, seasonally adjusted

	World (a) (b)	U.S.A.	Canada	U.K.	Continental O.E.E.C.	Western Germany	France	Italy	Belgium	Sweden	Netherlands	Austria	Latin America (a)	Japan (a)	U.S.S.R.
1950	83	84	85	94	82	72	89	78	93	95	88	86	91	*55*	69
1951	92	90	92	98	92	85	99	89	106	100	91	97	96	74	80
1952	94	93	94	94	94	91	98	91	101	98	91	98	98	82	89
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	100	93	99	108	109	112	109	109	106	104	110	114	108	108	113
1955	111	104	107	114	121	129	117	119	116	111	118	133	118	117	127
1956	116	107	115	114	131	139	128	128	123	115	124	138	125	144	141
1957	119	107	115	116	139	147	139	138	123	119	126	146	132	167	155
1958		100		*115*	142	152	154	141	115	120	126	150			*171*
1956 III	113	105	116	113	134	141	138	128	123	116	123	139	129	145	
IV	120	108	117	114	134	141	138	133	125	118	125	140	125	155	
1957 I	119	108	117	115	137	146	141	136	125	118	129	142	127	165	
II	120	108	115	116	139	147	143	137	124	120	127	146	133	172	
III	117	108	114	117	139	146	146	139	117	120	126	146	136	168	
IV	120	104	111	116	141	149	151	139	123	120	121	150	132	165	
1958 I	114	97	111	116	142	151	156	139	118	121	124	150	127	167	
II	114	96	113	114	142	150	154	138	112	119	125	149	131	163	
III	*112*	101	112	113	142	151	153	140	115	119	128	151		167	
IV		105		*115*	144	155	151	145	116	120	128	150			
September		102	112	112	142	151	150	144	117	118				171	
October		103	112	*114*	146	156	153	147	116	119				174	
November		105	113	*116*	143	155	151	142	114	123				173	
December		106		*115*	141	153	149	146	117	119					
1959 Jan.		107				151									
February		107													

See notes, page 53, for changes to this table. (a) World, Latin, America and Japan are not seasonally adjusted. (b) Excludes U.S.S.R., Eastern Europe and China.

Table 17. The United States(a)

Quarterly averages, seasonally adjusted (b)

	Gross national product	Consumers' expenditure		Public spending on goods and services		Gross private fixed investment		Value of physical changes in stocks	Net foreign investment	Durable goods		Building and contracting orders	Unemployment (b)	Employment (c)	Consumer prices (c)
		Durable goods	Other goods and services	Federal	Other	Dwellings	Other			Manufacturers' sales	Manufacturers' new orders				
	$ billion, at constant 1954 prices									*$ billion at current prices*			*per cent*	*millions*	*1954 = 100*
1950	79.5	8.03	46.2	6.2	5.88	3.88	8.30	1.80	−0.70	26.41	30.95	*4.6*	5.0	59.96	89.5
1951	85.5	7.30	47.4	10.4	6.03	3.23	8.80	2.43	0.03	31.13	38.03	*5.0*	3.0	61.01	96.7
1952	88.4	7.13	49.0	13.7	6.13	3.20	8.75	0.75	−0.05	32.81	35.06	*5.3*	3.1	61.04	98.9
1953	92.3	8.28	50.5	15.1	6.38	3.40	9.13	0.13	−0.63	37.13	33.10	*5.6*	2.9	61.95	99.7
1954	90.8	8.10	51.4	12.2	6.93	3.85	8.78	−0.40	−0.10	33.71	30.47	*6.3*	5.6	60.89	100.0
1955	98.2	9.90	54.1	11.3	7.43	4.55	9.55	1.53	−0.15	39.24	41.56	*7.6*	4.4	62.94	99.7
1956	100.6	9.48	56.5	10.8	7.73	4.10	10.30	1.40	0.28	41.42	43.33	7.9	4.2	64.71	101.2
1957	101.8	9.53	58.0	11.0	8.08	3.88	10.25	0.35	0.75	42.48	39.26	8.0	4.3	65.01	104.7
1958	98.9	8.70	58.8	11.0	8.55	4.03	8.70	−0.88	0.03	37.13	36.10	8.8	6.8	63.97	107.6
1956 III	100.1	9.20	56.5	10.9	7.71	4.04	10.38	1.31	0.31	40.19	44.47	*7.1*	*4.1*	66.49	101.9
IV	101.5	9.58	57.1	11.0	7.84	4.05	10.39	1.10	0.42	43.21	44.63	7.4	*4.1*	65.33	102.6
1957 I	102.2	9.68	57.5	11.4	8.04	3.94	10.51	0.32	0.82	43.95	42.13	8.7	4.1	63.21	103.3
II	102.4	9.43	57.9	11.4	7.99	3.75	10.32	0.83	0.76	42.76	40.60	8.4	4.1	65.31	104.3
III	102.1	9.63	58.6	10.6	7.95	3.81	10.25	0.58	*0.64*	43.00	38.68	7.9	4.3	66.43	105.4
IV	100.3	9.40	58.2	10.5	8.25	3.98	9.83	−0.33	0.50	40.57	35.92	7.5	4.9	65.09	105.8
1958 I	96.9	8.65	58.0	10.6	8.40	3.85	8.90	−1.63	0.10	36.35	32.88	7.7	6.5	62.18	106.9
II	97.2	8.48	58.4	10.8	8.45	3.68	8.60	−1.25	0.08	35.26	34.50	9.0	7.2	63.98	107.7
III	99.2	8.55	59.1	11.0	8.60	4.05	8.58	−0.78	0.13	37.36	37.55	9.8	7.4	65.06	107.8
IV	101.9	9.15	59.4	11.5	8.78	4.48	8.73	0.20	−0.23	39.83	40.65	8.8	6.7	64.64	107.8
October						4.8(*d*)				38.83	40.59	9.9	7.1	65.31	107.8
November						5.0(*d*)				39.89	40.72	9.1	5.9	64.65	107.9
December						5.2(*d*)				40.77	40.63	7.4	6.1	63.97	107.8
1959 Jan.						5.3(*d*)							6.0	62.71	107.8
February													6.0	62.72	

See notes, page 53, for changes to this table. (a) The U.S. index of industrial production is shown in table 16. (b) Per cent of civilian labour force. (c) Employment and consumer prices are not seasonally adjusted. (d) Figures at current prices.

Table 18. Industrial countries : imports by volume and import and export prices

Index numbers, 1953 = 100

	Volume of imports						Import prices				Export prices				
	U.S.A.	U.K.	OEEC. incl. U.K.		Western Germany	France	U.S.A.	U.K.	Western Germany	France	U.S.A.	U.K.	Western Germany	France	Japan
			From outside	Intra-trade											
1950	92	90	91	87	75	89	88	84	94	87	88	84	81	82	82
1951	91	101	98	93	77	101	111	112	120	114	101	99	99	97	122
1952	96	93	96	90	89	99	105	110	114	112	100	104	107	103	108
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	93	101	108	115	126	108	103	99	96	99	99	99	96	94	97
1955	103	113	120	130	152	123	102	102	100	98	100	101	98	95	93
1956	111	112	130	139	171	142	104	104	102	102	103	105	101	100	96
1957	114	116	137	147	192	150	106	106	103	*117*	107	110	103	*102*	97
1958											*106*	109	103	*98*	91
1956 I	113	115	126	126	150	129	104	104	102	100	104	104	100	97	95
II	109	114	134	139	169	149	104	105	103	102	103	104	100	100	96
III	111	108	128	133	174	138	104	102	103	98	103	105	101	101	97
IV	113	111	133	153	191	150	105	106	101	102	104	106	102	101	97
1957 I	114	119	141	147	184	162	107	109	104	109	107	109	103	103	99
II	111	115	139	144	183	163	106	109	105	107	107	109	104	103	98
III	113	113	132	142	191	138	105	105	104	*113*	107	111	103	*103*	97
IV	119	116	134	155	210	138	104	101	101	*139*	108	110	103	*98*	95
1958 I	114	114	138	142	197	159	102	98	98	*142*	107	109	104	*98*	93
II	116	112	137	143	190	162	100	98	96	*140*	106	109	103	*99*	91
III	115	115	135	141	208	133	*100*	97	93	*142*	106	109	103	*98*	90
IV		122			*224*	*141*	*99*	*98*	*93*		*106*	108	101	*96*	89

Table 19. Industrial countries' exports of manufactures

	Volume							Value, Total	Shares					
	Total	U.S.A. (*a*)	U.K.	Western Germany	France	Japan	Others (*b*)		U.S.A. (*a*)	U.K. (*c*)	Western Germany	France	Japan	Others (*b*)
	Index numbers, 1953 = 100							$ *bn.*, quarterly averages	*Per cent of total value*					
1950	86	86	110	42	98	81	84	5.0	27.3	25.5	7.3	9.9	3.4	26.6
1951	100	103	109	72	119	89	100	7.0	26.6	21.9	10.0	10.0	4.3	27.2
1952	98	102	100	87	96	94	98	6.9	26.2	21.5	12.0	9.2	3.8	27.3
1953	100	100	100	100	100	100	100	6.9	25.9	21.2	13.3	9.0	3.8	26.8
1954	111	106	104	127	110	140	108	7.4	25.2	20.3	14.8	9.0	4.7	26.0
1955	125	115	113	150	123	186	122	8.5	24.5	19.6	15.4	9.3	5.1	26.1
1956	136	128	120	174	114	222	133	9.6	25.3	19.0	16.4	7.8	5.7	25.8
1957	146	135	123	201	129	250	140	10.7	25.4	18.0	17.5	8.0	6.0	25.1
1958	144	121	118	*211*	139	*253*	140	*10.4*	*23.1*	*17.9*	*18.6*	*8.6*	*6.0*	*25.9*
1956 I	127	125	118	148	105	199	123	9.0	26.5	19.8	14.9	7.8	5.3	25.8
II	140	134	126	179	119	216	135	9.9	25.7	19.3	16.3	7.9	5.3	25.5
III	131	119	112	171	108	219	132	9.2	24.6	18.5	17.0	7.8	5.9	26.1
IV	145	131	123	196	120	255	143	10.4	24.5	18.3	17.3	7.8	6.1	26.0
1957 I	144	135	125	183	135	265	137	10.5	25.7	18.4	16.4	8.6	5.5	25.3
II	149	147	126	196	132	240	140	10.9	26.8	18.1	16.9	8.2	5.5	24.6
III	143	128	118	202	115	269	139	10.4	24.8	17.8	18.2	7.4	6.6	25.2
IV	150	132	122	223	133	265	144	10.9	24.5	17.6	18.6	7.8	6.2	25.3
1958 I	141	123	121	194	134	255	132	10.3	24.2	18.6	17.4	8.5	6.1	25.2
II	143	126	115	210	131	246	138	10.4	24.2	17.6	18.2	8.3	5.8	26.0
III	140	111	116	214	125	239	140	10.0	21.9	18.3	19.6	8.1	6.0	26.1
IV	152	123	120	*225*	165	*272*	149	*11.0*	22.1	*17.2*	*19.1*	*9.5*	*6.1*	*26.0*

See notes, page 53, for changes to this table. (a) Excluding special category. (b) Belgium-Luxembourg, Canada, Italy, Netherlands, Sweden and Switzerland. (c) U.K. figures adjusted to exclude Channel Islands, etc.

Table 20. Commodity prices

	N.I.E.S.R. price index numbers (a)						Commodity prices														
	Current U.K. import prices				Exports, primary producers	Exports, overseas sterling area	Wheat	Sugar	Tea	Coffee	Cocoa	Rubber	Jute	Cotton	Wool		Copper	Lead	Zinc	Tin	Softwood
	Total	Food, tobacco	Industrial materials	Fuels			Can. $ per 60 lb.	U.S. cents per lb.	rupees per lb.	U.S. cents per lb.	U.S. cents per lb.	d. per lb.	£ per ton	U.S. cents per lb.	Merino d. per lb.	Cross-bred d. per lb.	£ per ton	£ per ton	£ per ton	£ per ton	Index
	Oct. 1956—Sept. 1957 = 100				*Index numbers 1954 = 100*		*Average of daily or weekly prices*														*1954 = 100*
1950	..	..	..	..	..	..	2.13	4.96	2.39	50.5	32.2	33.3	116	37.0	164	91	179	106	119	745	66
1951	..	..	..	..	..	..	2.33	5.68	2.12	54.2	35.6	50.8	179	42.3	199	126	220	162	172	1077	99
1952	..	..	..	..	..	..	2.16	4.16	2.06	54.0	35.6	28.4	112	39.7	126	64	259	135	149	964	109
1953	..	..	..	..	..	..	1.86	3.41	2.06	57.9	37.3	19.9	96	33.8	147	75	254	91	75	732	99
1954	..	..	..	..	100.0	100.0	1.73	3.26	2.65	78.7	58.2	20.2	102	35.1	128	77	249	96	78	719	100
1955	..	..	..	..	..	..	1.74	3.24	2.34	57.1	37.3	33.6	98	34.6	107	75	351	106	91	740	109
1956 1st half	..	..	..	..	..	..	1.74	3.32	2.43	56.0	27.1	28.0	99	36.4	105	72	370	117	98	780	110
III	99.1	101.1	101.2	88.7	99.5	98.8	1.73	3.34	2.49	60.0	28.2	26.2	94	34.7	118	75	297	116	95	769	109
IV	102.4	103.1	102.7	99.6	101.6	101.6	1.70	3.87	2.92	60.4	26.7	30.3	119	34.5	124	80	279	117	99	821	109
1957 I	102.3	100.2	101.7	108.8	101.3	100.6	1.69	5.86	2.28	60.3	23.1	27.0	114	35.2	133	84	250	114	100	777	111
II	98.7	97.2	99.9	98.7	99.0	99.5	1.65	6.23	1.63	57.8	27.2	27.0	120	35.4	137	90	236	101	86	767	110
III	95.4	95.2	96.5	92.9	95.8	96.6	1.62	4.65	2.14	54.4	32.2	26.4	108	35.1	125	84	207	91	74	744	110
IV	91.3	91.3	91.2	91.7	91.2	91.3	1.61	3.84	2.15	54.1	39.6	24.0	115	35.7	105	74	185	81	67	732	109
1958 I	88.8	90.1	87.1	90.4	88.6	88.7	1.64	3.57	2.22	54.6	43.5	22.9	112	36.1	98	65	168	74	63	731	107
II	89.0	93.2	83.4	88.9	88.6	89.4															
April	89.7	94.9	85.5	89.0	} 88.6	} 89.4	1.62	3.46	2.26	52.4	43.4	23.0	116	36.0	94	57	176	73	62	731	104
May	88.6	92.7	85.2	88.7			1.61	3.47	..	50.0	47.9	21.7	116	36.3	94	58	179	72	62	731	104
June	88.6	92.1	85.4	88.8			1.60	3.41	2.04	48.5	49.2	22.3	112	36.6	96	58	195	75	64	730	104
July	88.4	91.2	85.6	89.2			1.63	3.52	1.77	47.0	47.9	23.3	109	36.5	90	57	200	72	64	731	102
August	89.8	95.2	85.4	89.4	} 88.8	} 89.9	1.63	3.47	1.88	46.2	46.7	23.6	110	36.4	84	57	206	70	64	730	102
September	89.3	94.6	84.7	89.2			1.65	3.48	2.37	44.5	42.5	23.9	104	36.0	83	55	209	71	65	718	99
October	90.1	95.6	86.0	88.5	88.7	89.0	1.64	3.41	2.03	44.4	38.8	25.4	103	36.2	77	55	236	74	71	741	98
November	91.0	96.8	86.9	88.7	90.2	91.2	1.64	3.43	*2.00*	44.2	*43.6*	25.9	103	36.2	76	56	243	76	75	758	97
December	90.4	97.0	85.6	88.1	87.5	88.5	1.63	3.59	*1.95*	41.8	*42.0*	24.3	109	35.8	74	56	221	72	74	756	97
1959 Jan.	90.5	97.0	85.9	87.7	87.2	88.2	1.64	3.26	*1.94*	41.5	*37.8*	25.0	112	35.7	74	56	230	72	75	759	96
February	89.5	95.6	86.1	84.2	87.2	88.4	*1.71*	*3.10*	*2.18*	*40.1*	*36.8*	*25.2*	*111*	*35.7*	*77*	*57*	*237*	*70*	*74*	*774*	*96*

See notes, page 53, for changes to this table. (a) See *National Institute Economic Review*, January, 1959, page 32.

Table 21. Gold and foreign exchange reserves (a)

$ billion

	Industrial countries											Primary producing countries									
	Total	U.S.A.	Canada	U.K.	Continental O.E.E.C.	Western Germany	France	Italy	Nether-lands	Belgium	Japan	Total	Sterling area countries	Aus-tralia	New Zealand	India	Pakistan	South Africa	Malaya	Oil pro-ducers	Latin America excl. Venezuela
1954	38.99	21.79	1.95	2.76	11.42	2.64	1.37	1.04	1.28	1.03	1.02	10.73	4.84	0.94	0.24	1.78	0.33	0.42	0.40	0.89	2.52
1955	40.03	21.75	1.91	2.12	12.87	3.08	2.08	1.24	1.28	1.13	1.34	10.64	4.48	0.67	0.18	1.79	0.37	0.37	0.48	1.02	2.62
1956 I	40.39	21.77	1.88	2.28	13.00	3.21	1.97	1.24	1.29	1.18	1.43	10.16	4.35	0.61	0.19	1.81	0.39	0.34	0.49	1.01	2.86
II	40.76	21.87	1.91	2.39	13.10	3.59	1.79	1.29	1.21	1.18	1.46	10.31	4.36	0.61	0.26	1.68	0.39	0.32	0.48	1.16	2.92
III	41.31	22.03	1.92	2.33	13.52	4.00	1.66	1.36	1.14	1.18	1.47	10.13	4.18	0.64	0.24	1.54	0.37	0.32	0.48	1.27	2.78
IV	41.08	22.06	1.94	2.13	13.40	4.29	1.36	1.31	1.07	1.14	1.51	11.02	4.25	0.71	0.19	1.36	0.37	0.37	0.46	1.53	2.53
1957 I	41.16	22.41	1.93	2.21	13.32	4.50	1.26	1.30	1.04	1.06	1.29	11.15	4.42	0.87	0.21	1.35	0.38	0.38	0.45	1.48	2.77
II	41.02	22.73	1.95	2.38	13.97	4.89	1.23	1.35	1.02	1.06	0.99	11.19	4.16	1.03	0.27	1.20	0.33	0.35	0.44	1.82	2.68
III	41.95	22.76	1.90	1.85	14.49	5.76	0.83	1.43	0.92	1.03	0.95	10.78	4.05	1.06	0.24	0.99	0.29	0.30	0.44	1.93	2.43
IV	42.67	22.86	1.84	2.27	14.68	5.64	0.78	1.53	1.06	1.13	1.02	10.36	3.86	1.05	0.14	0.87	0.29	0.29	0.43	1.95	2.36
1958 I	43.09	22.49	1.88	2.77	14.82	5.56	..	1.61	1.24	1.21	1.13	9.80	3.71	1.03	0.12	0.81	0.32	0.25	0.42	1.76	2.10
II	42.87	21.41	1.93	3.08	15.62	5.83	..	1.71	1.29	1.35	0.83	9.39	3.46	0.98	0.14	0.70	0.28	0.22	0.42	1.80	1.99
August		21.08	1.93	3.09		6.06	..	1.98	1.31	1.41	0.91			0.92	0.17	0.64	0.25	0.23	0.42	1.71	..
September		20.93	1.90	3.12		6.10	..	2.05	1.34	1.43	0.89			0.90	0.16	0.63	0.23	0.25	0.42	1.60	*2.10*
October		20.74	1.93	3.17		6.14	..	2.14	1.38	1.46	0.94			0.88	0.17	0.62	0.24	0.27	0.42	..	
November		20.65	1.94	3.22		6.22	..		1.40	1.46	0.81			0.89	0.18	0.63	0.26	0.28	0.43	..	
December		20.58	1.95	3.07		6.32	*0.97*		1.48	1.49	0.86			0.91	0.19	0.64	0.26	0.32	0.43	*1.55*	
1959 Jan.		20.53	1.91	3.11		6.10	..		1.52	1.44	0.87				0.18	0.65	0.26	0.32			
February		*20.48*		3.16		*6.01*	*1.16*		*1.50*	*1.41*								0.33			

(a) At end of period.

NOTES ON STATISTICAL APPENDIX

GENERAL NOTES

Country groups

The following country groups are used ; they include all the countries listed against them, unless stated otherwise.

Industrial countries : USA, Canada, UK, Continental OEEC, and Japan.

North America : USA and Canada only.

OEEC : Austria, Belgium-Luxembourg, Denmark, France, Western Germany, Greece, Iceland, Irish Republic, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, UK.

Continental OEEC : Excludes sterling area countries—Irish Republic, Iceland, and UK.

Western Europe : Continental OEEC and Spain, Yugoslavia and Finland.

Primary producing countries : All countries not included as industrial countries above, except for Eastern area, Spain, Yugoslavia and Finland.

Overseas sterling area : The British Commonwealth (except Canada), British Trust Territories, British Protectorates and Protected States, Burma, Irish Republic, Iraq, Iceland, Jordan, Libya, Muscat and Oman.

Latin America : Central America, including Mexico but excluding the Panama Canal zone, and South American countries excluding European possessions.

Other primary producing countries : All primary producing countries outside the overseas sterling area and Latin America ; these are mainly Middle and Far Eastern countries and the overseas possessions and related territories of Continental OEEC countries.

Eastern area : Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, North Korea, North Vietnam, Poland, Roumania, Union of Soviet Socialist Republics, and the People's Republic of China.

Valuation of imports and exports

Imports are valued c.i.f. and exports and re-exports f.o.b. unless otherwise stated.

NEW OR REVISED SERIES

(Full definitions and explanations were given in the National Institute Economic Review, no. 1, January 1959, pages 51–54. An article on pages 36–68 of that number explained the figures in table 11 for stock changes of imported commodities, and an article on pages 32–35 explained the NIESR price index numbers in table 20. The notes below only describe revisions or new series.)

Table 3. The labour market

The percentages for unemployment, unfilled vacancies, for the excess demand for labour, and for unemployment by industry, are now given to two places of decimals.

Table 5. Wages, profits, and other costs

The series used for ' materials used in manufacturing industry ' is now the revised Board of Trade wholesale price index number for basic materials and fuel used in manufacturing industry ; it is published in the *Board of Trade Journal*, and described in the issue dated February 13th, 1959.

Table 9. Changes in the volume of stocks

The table has been extended to cover wholesale and retail stocks.

Quarterly changes in wholesale and retail stocks are derived from the new Board of Trade index numbers of wholesale stocks (*Board of Trade Journal*, 16th January, 1959) and of retail stocks (*Board of Trade Journal*, 19th December, 1958). The change in wholesale stocks in 1956 has been estimated from the results of the Inquiry into the Distribution and Service Trades in 1956 (*Board of Trade Journal*, 6th February, 1959).

The difference between the total of stocks in manufacturing and distribution and the total for all stocks is mainly accounted for by stocks held by farmers, public bodies (both strategic and trading stocks), distributors of motor vehicles, the catering trades, and by builders' and contractors' work in progress less progress payments, and work in progress on ships being constructed for overseas owners. These amount to about 30 per cent of the total of all stocks.

Table 11. UK imports and exports and changes in imported stocks

From January 1959, some changes have been made in the coverage of the Trade and Navigation Accounts, the main one being the exclusion of the trade between the UK and the Channel Islands. All the figures for imports and exports have been amended to conform to this new basis.

An additional adjustment has been made to imports in December 1958 and January 1959, to correct for the acceleration of clearances at the end of December 1958 in anticipation of the introduction of the new Tariff List on 1st January, 1959. £20 million has been deducted from December and added to January.

Table 16. World industrial production

The OEEC have revised their seasonal corrections for continental OEEC countries and for the continental OEEC total, and have kindly supplied us with the figures.

Table 17. The United States

The quarterly national income figures are now given at constant (1954) prices.

Table 19. Industrial countries' exports of manufactures

The UK figures have been adjusted to exclude exports to the Channel Islands, etc. (See note to table 11.)

Table 20. Commodity prices

The NIESR price index numbers for the exports of primary producers and of the overseas sterling area have been revised using a different formula and some improved price series (partly as a result of suggestions made after the publication of the January Review). The new series are now more in line with corresponding index numbers published by the Board of Trade and United Nations.